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ABSTRACT

This document presents the proceedings of a conference held by the New England Board of Higher Education on public policy for the financing of higher education. Speeches presented were concerned with such topics as the inefficiencies in public policy toward the financing of higher education, the 1971 Federal Higher Education Act, imperative trends in state and regional planning, and the state of higher education in Washington. Panel discussions concerned: (1) the forms of public financing of higher education; (2) public responsibility for the financing of private higher education; and (3) the conditions associated with public financing of higher education. The keynote speaker for the conference was Senator Claiborne Pell of Rhode Island. (HS)

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New England Board of Higher Education

Conference Proceedings

Public Policy for the Financing of Higher Education

Boston, Massachusetts

December, 1971

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The Board was authorized in 1955 by the New England Higher Education Compact, a formal interstate agreement between the six states ratified by the United States Congress. The following functions are primary in the achievement of the Board's purposes:

- To provide a facility and staff capable of continuous assessment of and research relevant to higher education in New England.
- To assist in the initiation and development of plans and programs to meet the higher educational needs of the region.
- To serve as a clearinghouse for the collection and dissemination of information about and pertinent to the institutions and other agencies concerned with higher education in the region.
- To serve as an administrative and fiscal agent for higher educational contracts and agreements between the institutions and/or governments in New England.
- To provide consultative services to the institutions, agencies, and governments of New England in higher educational areas of major regional significance.
- To serve as a vehicle for the regional implementation of federally and privately financed programs related to higher education.

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PUBLIC POLICY FOR THE FINANCING OF HIGHER EDUCATION: PROCEEDINGS

Edited by

Raymond G. Hewitt

NEW ENGLAND BOARD OF HIGHER EDUCATION
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1972

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FOREWORD

Over 250 educational and legislative leaders from throughout the Northeast, but particularly from New England, convened in Boston in mid-December, 1971, at the invitation of the New England Board of Higher Education, to discuss the broad question of "Public Policy for the Financing of Higher Education". This discussion seemed particularly apropos because many of the assumptions and rationales that had shaped what actual policy we had were undergoing careful scrutiny and, in many cases, were being seriously challenged. At the same time, and certainly not an unrelated event, the U.S. Congress was considering -- and at this writing, is still considering -- legislation that might radically change the role of the federal government -- and, in turn, of the state governments, students, parents, and private donors -- in the financing of postsecondary education.

These proceedings present a variety of perspectives on some of the major issues that must be considered as we formulate a public policy that will ensure adequate financing for education beyond high school during the Seventies and beyond. What role *is* the federal government likely to play? What role *should* it play? How much of the financial burden should students and their parents bear? Where do the states fit in? What is the public's responsibility with regard to our private institutions -- and the students who chose to attend them? What conditions should -- or are likely to -- accompany future financing of both the public and private sectors? What trends should we bear in mind when considering these and related questions?

Unfortunately, it is not possible to totally reflect the discussion that was generated by these thoughtful -- and often thought provoking -- presentations. Where time allowed for questions from the floor, the substance of these queries and the speakers' remarks have been recorded. During these three days, however, many unrecorded hours were spent by the participants in both the small discussion groups that were integral to the program and the spontaneous conversations that invariably arose. It was in these settings that the conferees had a chance to both defend and refute past and present positions and alternative paths for the future -- and where, hopefully, greater bonds of understanding were forged out of divergent viewpoints.

We did not expect consensus to emerge on these issues, and we were not disappointed -- the questions were not, after all, new ones. But a new urgency regarding the resolution of these issues was obvious throughout these discussions, and that sense of urgency was shared by all in attendance. For unless we can begin to shape a policy which has paid close attention to these issues, thousands of students may be denied the opportunity to further their education while spaces actually go unfilled in many of our institutions -- and, eventually, many of these institutions may be forced to close their doors.

If NEBHE contributed in some small way toward the resolution of these questions, we will consider this meeting to have been successful. And if it was successful -- as we believe it was -- then it was because of the individual contributions of those who attended and participated. To each of those conferees, but particularly to Representative Michael J. Daly, Chairman of the Massachusetts House of Representatives' Committee on Education, who so ably moderated all of the sessions, I extend the Board's heartfelt thanks.

Alan D. Ferguson
Executive Director

March, 1972

Michael J. Daly
Conference Moderator

WELCOME FROM THE COMMONWEALTH OF MASSACHUSETTS

Joseph Cronin
Secretary for Educational Affairs
Commonwealth of Massachusetts

It is my pleasure to bring to you greetings from Governor Sargent. The Governor felt that it was important for all of you to see what a Secretary looks like. After all, everyone knows what a Commissioner, a Chancellor, or a President looks like.

In some ways, you know, this is a revival of a term because the first assignment that Horace Mann had was titled Secretary of the Board of Education back in the late 1830's. During the last few weeks it has been a source of inspiration to me to note the struggles Mann had in breathing life into what was then a new role. As I see the kinds of problems he wrestled with worrying about his 80,000 students, it really gives me a sense of proportion to see how much we have grown since those days--the Commonwealth now has more than one million students in elementary and secondary education and 80,000 in public higher education alone. And as I see the way in which Horace Mann was able to raise money, I am both amazed and somewhat alarmed at how far $10,000 would go, because that was the size of the gift he was given to establish one of the first normal schools, later to become state colleges. We have a challenge in numbers and a challenge of quality at this time, not only in Massachusetts but in all of New England.

Just a word on what a Secretary of Education is. Those of you from out-of-state will be interested in knowing that, by statute, the Secretary of Educational Affairs is one of ten cabinet members. It is a staff position with responsibility for coordinating the various segments of elementary, secondary and higher education, the council of the arts and humanities, and television. To me, this is a glorious combination, one that argues well for many of the ideas which you are considering at this conference and, indeed, for ideas expressed over the past several years--especially for the concept of an open university for Massachusetts, for New England, or for the Eastern seaboard. If these ideas come about, then we will need

all of the resources that I have mentioned and I hope that I can be one of the number of instruments for bringing about this kind of change.

One final note--a personal message from the Governor. He made a now famous comment when the national administration asked former-Governor John Connally to be Secretary of the Treasury. Our Governor asked, "Can he add?" He had but one question for his new Secretary of Education, "Can you read?"

It is a real pleasure to welcome you on behalf of Governor Sargent. Thank you very much for the opportunity.

WELCOME FROM THE NEW ENGLAND BOARD OF HIGHER EDUCATION

Maurice H. Saval
Massachusetts Delegate
New England Board of Higher Education

Distinquished quests and good friends, it is good to be amongst you again. The New England Higher Education Compact, enacted by Congress in 1955, created the New England Board of Higher Education and charged it with some great responsibilities: to assist in the initiation and development of plans and programs to meet the higher educational needs of the region; to serve as a center for the collection and dissemination of information about and pertinent to the institutions and agencies concerned with higher education in the region; and, to serve as a vehicle for the regional implementation of federally and privately financed programs related to higher education.

This conference proves conclusively that we are living up to our responsibilities. It is a landmark toward accomplishing these purposes, for we have brought together noted authorities from across the nation to share with you and with us their knowledge, experience, and thinking. We hope that from this meeting will come some guidance toward the solution of the massive problem of financing higher education by devising means of jointly utilizing public and private resources.

On behalf of the New England Board of Higher Education, I welcome you to this conference and I thank you for the contributions that each one of you are making toward this objective.

Maurice H. Saval

INEFFICIENCIES IN PUBLIC POLICY TOWARD THE FINANCING OF HIGHER EDUCATION

*Robert W. Hartman**
Senior Fellow
The Brookings Institution
Washington, D.C.

My topic is the "Inefficiencies in Public Policy toward the Financing of Higher Education." I chose the topic partly because economists like to talk about inefficiency and partly because the recent slowdown in public expenditures for higher education--especially at the state level--has made it imperative to ask how existing monies can be used more productively. Finally, I think that legislators, who are well represented at this meeting, have come to realize that the old ways of making decisions--namely,putting out a little for each client group--no longer work. There are too many clients.

One cannot address the matter of efficiency in public programs without first specifying what the goals of these programs are suppose to be. Fortunately there is an 8-foot high stack of reports of commissions, task forces, and advisory panels at the federal and state levels that have addressed themselves to the public role in higher education. And, doubly fortunately, the components of this stack all came out of the same buzz word machine, producing agreed-upon goals. These, as I read these reports, are:

(1) Equal or more equal opportunity for disadvantaged youth in higher education.

(2) Maintenance or enhancement of diversity and choice in institutions of higher education. To most people this means preserving a viable private sector.

(3) Finally, a catchall goal which I will call "quality control in higher education," and explain further on.

These goals are, I think, widely shared by both the general public and by government leaders at all levels. How well does the present system of public support measure up in attaining these goals--how well are government programs structured

*The views expressed here do not purport to represent the views of the other staff members, the officers, or the trustees of the Brookings Institution.

to meet these objectives? The answer is, not very well at all.

The first objective, the full equalization of opportunity, probably requires change along a broad front of improved elementary and secondary education, changes in curriculum and admissions criteria, and so on. But in the context of higher education financing and pricing policy, there is something that can be done: lower the charges faced by youth from low-income families and give them broader access to loans. These are, I think, self-evident approaches to realizing higher enrollment and completion rates among persons of less advantaged backgrounds. Some would lay stress on the lowering of prices, and I include myself among them, while others stress access to capital markets; but the fact is that both are probably required for better opportunity. Access to capital markets because society is not likely to be willing to provide all that some low-income students need in the form of gifts. Low charges because it seems unlikely that students from generally deprived backgrounds would be willing to undertake major debts.

Now what do our governments do to foster equal opportunity? At the state and local level, the predominant form of support for higher education is the heavily subsidized public institution. By keeping charges low to everybody--the rich and the poor alike--the public institution does meet part of the need for equal opportunity. But this step in the right direction does not result in equal chances for the disadvantaged--first, because state institutions (to limit the cost of low tuition policies) resort to high "admissions standards" to ration a limited number of places; and, second, because low tuition policies have not been accompanied by adequate loan programs, so that very poor kids cannot afford to absent themselves from the labor force in order to attend college. In short, state support policies remind me of the comment of the man who emerged from the recent movie import from Denmark: "It was too much of a good thing, and there were a couple of places I wish they went further."

The federal government is only somewhat better--I refer, of course, to federal higher education policy and not to the movies in the Capitol. The primary federal programs aimed at equalizing opportunity are the educational opportunity grants, college work-study, and national defense and guaranteed loan programs. These are, first of all, watered down by federal aid to dormitory construction, academic building, research overhead support, library acquisitions: forms of aid that are no more equalizing than--to pick an absurd example--giving money to colleges by counting the number of live bodies in classrooms. Second, federal student aid is simply targeted on needy students in an inefficient manner. The monies are doled out on a state-by-state basis; then, a review panel allocates the sums to individual schools in a covert process

in which grantsmanship seems to score points; finally, student financial aid officers spend the taxpayers' money by reducing the cost to individual students who they think are most deserving. And to cap it off, no one enquires whether decisions are made in the public--as opposed to the institution's--interest, no one asks for performance (as opposed to fiscal) reports, indeed, I am sorry to say, no one really knows what is going on. One thing that is going on, however, is that wages to low-income kids to shelve books in college libraries are being passed off as "aid to needy students" rather than as a measure to keep charges down to the average student. Another thing that is going on is that the Congress is adding together outright gifts to students with capital outlays for loans, a practice that even American banking finds impedes efficient operation of the enterprise. In short, if I may be permitted to shift the metaphor, the federal government's equal opportunity program can be compared to the industrial polluters: they keep the stuff flowing--whatever it is-- and they rarely look down-stream to see the results.

The second objective, the preservation of a healthy private sector, is perhaps nowhere so keenly recognized a need as in the New England region. That healthy existence is today challenged. It will continue to be challenged--regardless of what the U.S. Congress does in current legislation--unless *the* fundamental problem facing the private colleges is addressed. I hope this conference considers this problem head-on, although to do so is un-fashionable in higher education circles. The problem is simply put: A seller of a service who has to recover his cost from a group of customers who can get the same thing free--or nearly so--down the block, is not a seller with a rosy future. As long as the gap between the tuition charged by the private and public sectors remains as wide as it is--or grows, as it has been growing--the private sector will be in for a rough time. The solution to this problem must include some narrowing of this difference so that the private sector can compete. Government programs at both state and federal levels have failed to concentrate on this pricing problem, and the chickens are coming home and laying very red eggs.

If I may digress for a moment at this point, I have been disturbed recently by the tendency for higher educators, legislators, and even a non-academic Vice-President to point to another recent feature of higher education as *the* problem. We are told that open-admissions policies are sapping the financial strength of our institutions, that well-intentioned colleges are doing themselves in by special admission procedures, and so on. From the rhetoric, one would expect to see some overwhelming evidence that a low-income/minority tide has hit higher education. In fact, the institutions that are in the *best* financial shape have absorbed most of the little trickle

that there has been. The facts do not support the claim. Moreover, logic does not support the claim that the "new students" are the cause of the red ink. It ill behooves an institution with 10,000 students, all of whom pay less than cost, to attribute its financial woes to the 500 admitted under special programs. The association of the Red with the Black, I am saying, should not be allowed to obscure the real structural flaws in the higher education system.

That brings me to the third government objective: to enhance and regulate the quality of higher education. It should first be noted that the primary economic justification for public subsidy to higher education is based on the need to maintain quality. The argument is that there are social benefits from higher education--over and above the private gains that students capture from attending--and that these benefits require a public subsidy lest the private buyers "underinvest" and buy too little "low quality" education. In the present--and likely future--state of knowledge, we do not know which elements of higher education produce these benefits or how important they are. Some hard noses in my profession suggest that we drop all public subsidies until these social benefits become clearer. Others argue that, like love, we know it is there and even if we cannot measure it, it would be folly to risk the losses, by radical surgery on public support. I am an agnostic lover. To me, the facts suggest relatively low priority for "general, social benefits" subsidization, but not their denial. If this approach is taken, it means that some public subsidy should be granted to any student whose attendance or any course of study whose volume is likely to be affected by the subsidy. I would suggest that the greatest inefficiencies in this respect are at the state level. First is the near absence of state government support for students at private colleges--even when those students are in identical circumstances to those in public institutions. Second is the much larger implicit subsidy state institutions grant to their upper-division and graduate students--where the benefits are almost surely more vocational and thus private, rather than social, in nature. Finally, states offer large scholarships to even the very rich by subsidizing public institutions--a practice that cannot be claimed to have any significant impact on the amount or type of higher education services these students buy.

The issue of quality in higher education has begun to take on a new face recently, perhaps as a result of the budgetary pinch on governments at all levels. This new aspect is that the public is demanding that the resources that go into higher education produce the most socially valuable output. The buzz word here is "accountability" and it cloaks what is a serious longrun challenge to the American higher education enterprise. For the most part, our society ensures

efficient use of resources through markets and competition. But we have set up our higher education system in such a way that there is remarkably little competition, especially on the side of institutions competing for the business of student-consumers. Normally, when competition fails or is rejected as a regulatory process in our society, some alternative quality control mechanism is introduced. One is direct government operation and legislative scrutiny--but this conflicts strongly with the tradition of academic freedom. Another is regulation by responsible quasi-public bodies. In effect, this is the role played by our coordinating agencies, accrediting committees, and boards of higher education. It would be most impolitic for me to argue here that this model works no better in education than it does in the Interstate Commerce Commission, but I will let drop the observation that the representation of the non-establishment public on such bodies leaves something to be desired. The final American model for regulating non-competitive industry is "Ralph Nader". This too will come to pass in higher education, but I fear that the scrutinizers will not be Nader's Raiders but Reagan's Pagans--an investigation the Academic Church can ill afford.

The fact is that competition is still the best model of regulating industry that we have; it can be used in higher education, but not unless our financing policies are changed.

If this gospel is accepted, efficient government programs would have the following attributes:

(1) Public subsidies would be much more targeted on low-income students than they are now.

(2) Public funds would be spent in such a way as to enhance competitive conditions, specifically reducing the tuition gap between public and private institutions.

(3) There would be undiminished--though not necessarily more--public monies spent on higher education.

And now the hardest part. Who does what? How do the federal, state, and local governments get together on a more rational program?

It would be pleasant for me to tell you that I have brought from Washington some goods news and that when the cherry trees blossom next, the greening will spread to your campuses. But alas, recent greening has been of a different character.

Although the U.S. Senate has passed a bill that includes a provision for grants targeted on needy students, thus committing

the federal level to opportunity equalizing, the House of Representatives rejected a proposal of similar character. Prospects for the basic grants seem dim at this time.

Similarly, the Senate bill did provide, in a little-noticed provision, for some attack on the public-private problem. That bill authorized a program of federal matching incentives for targeted state scholarship programs, which would provide some federal encouragement to those states who wish to turn their financial support programs more toward the low-income student aid/free market model. The House bill contains no such provision.

What the House of Representatives has done is to pass an institutional aid formula to drop hundred dollar bills on colleges roughly in proportion to the number of students in attendance. If this procedure has any rationale--and it was sold to the Congressmen as the solution to *all* financial woes, which it is not--it is to provide a general subsidy and avoid underinvestment in higher education. Should this provision become law, as seems likely, I have every reason to believe that some varied bedfellows will get together to ensure a low (or no) funding level. From one side, some will argue that too little priority is being given to equalizing opportunity and to solving the pricing and structural problems of higher education. Others will argue that big federal bucks will simply drive out an equal volume of state dollars, benefitting higher education not at all. Finally, there are those who feel that the entire academic enterprise is not worthy of federal attention until it reforms itself.

What it comes down to is this: the ball is on the states' side of the court, at least for the next few years. We know that the legislatures in most states are not going to supply any bigger budgets. What can states do? Unpleasant as it may seem, the only way out, that I can see, is for states to move in the following directions:

(1) Raising tuitions at public institutions to capture increased revenues from students who can afford to pay.

(2) Using these revenues to aid low-income students whose enrollment would be discouraged by the price increase.

(3) Making a start at providing public aid to the private sector, perhaps through state student scholarship programs useable at private institutions as well as public.

I would like to see the next infusion of federal money directed at providing incentives for the states to undertake such reforms,

but the outlook for this is not good. The states will have to move first and hope for federal recognition later.

I promised to meet issues head-on, and some of you may now be wondering why I have said nothing about middle-America and its needs in higher education. Indeed, the programs I have just been trying to sell would substantially raise the costs of higher education to the middle-class, and they may not like that at all. My answer here is, first, a plea to retain some perspective. To say that a $15,000 income family is hard-pressed to send a child through college, that their paycheck cannot stand the burden of current, much less raised, charges, is quite true. But to say that the average taxpayer, whose income is less than this family's, can ill afford to provide taxes for reduced charges, is equally, perhaps more, true. What middle-America needs are more adequate loan programs to provide the wherewithal to finance its higher education. Lower-income students also need better access to capital markets, for reasons I mentioned before. I notice that there will be a number of panelists during this conference who will deal with what more adequate loan programs would look like, so I will not go into detail here. Let me just say that, at a minimum, financing a costly good like higher education should be no more difficult than financing a house. Longer-term loans with government guarantees are absolutely necessary.

Let me close with some sympathetic words to state college and university representatives. I have proposed to them an action program that involves some hard decisions. I would remind them of the story of the long-married husband who is summoned to the death-bed of his wife. "John", she says, "I have one final wish and I want your committment to say 'yes' before I tell you what it is."

"Yes", says John, "anything you wish dear."

"Well, when I die and the funeral home sends the limousine, I want you to invite my mother to ride with you."

There is a long pause and finally the husband says, "Very well, my love, but I want you to know that it will take all the pleasure out of it for me."

Sometimes, unpleasant decisions must be made. In the case of higher education, it is some comfort to believe that those decisions need not be made on the way to the funderal.

Dr. Hartman elaborated on some of his remarks during the subsequent question and answer period. One participant asked, "Since the burden on the public treasury seems to be increasing, as you mentioned, why couldn't we ease that burden by having students borrow their way through the last two years of high school?" Dr. Hartman replied:

I am tempted to say that that does not sound like such a bad idea, and, in fact, if we were doing our education system all over again, I think there is something to be said for not setting up high schools that are run as local monopolies by local governments or school districts. However, it does not follow in that case that everybody ought to be made to borrow--and that was not the implication of my remarks at the college level either.

There is a good reason in the case of high school and of college to encourage--and to ensure--the attendance of students whose families cannot help them by giving them a public gift. That is one of the best uses of taxpayers money. I do not think it necessarily follows that this practice must persist across the board for all students from all income classes. For those students who are richer than the average taxpayer (to do this in a shorthand way) to have to borrow rather than receive a gift seems to me a perfectly equitable way of leaving them the decision as to whether to go on.

Now there is another aspect of your question, concerning this unmeasurable thing that education produces. Whatever it is and however big it is, I can see a case being made that it is larger at low levels of education than at high levels. A good deal of high school education is not primarily vocational in nature; it is not directly designed to give a kid training for an occupation or to get a better job; it is of a more general nature from which we all benefit. Somewhere at the graduate level, however, there is equally no question that the education is only for the benefit of the graduate student: nobody else gets anything out of it. He captures all the gains himself. Somewhere between those two points, the public benefit begins to disappear and the private benefit begins to dominate. The question is: Does that happen magically after the twelfth grade? I think an affirmative answer is unsupportable; I do not know of anyone who would claim that between high school and college there is a sudden change in the mix. But it does happen somewhere in the range between high school and graduate school.

I would, therefore, find public programs appealing that gave greater subsidies for the first two years of college than the last two. Incidentally, the House-passed institutional grant program does it the opposite way: more monies are given for upper-division students than for lower-division students. And that runs counter to the shift in benefits.

Another participant raised the following issue: "What are the benefits to both parties of any normal economic transaction; isn't it normally assumed that both the buyer and seller benefit equally? And if that is true, then don't both parties in this case, society and the individual, benefit

equally?" Dr. Hartman responded by raising a question of his own:

The real question we must ask is: Is there something special about higher education that produces benefits that do not get captured in those normal market transactions?... and when I refer to benefits of that character, I mean things like better citizenship, more tolerance, that bag of things--the production of better men--which no one translates into a market transaction. If society wants to preserve those benefits of higher education, it has to subsidize it to some extent to foster the growth of those things. For the strictly economic gains, however, I assume that those are captured in the wages of the people who are getting trained, and they do not need any special inducement to do it if they can capture those higher wages in later life.

Finally, one participant raised the issue of the difference in educational costs per student between the public and private sectors and asked Dr. Hartman, "How would you explain that difference?" His reply:

Some people would draw from that the inference that, in fact, there are two seperate markets operating here, with the private sector being of higher quality because it has higher costs per student . It could equally well mean that they are more inefficient than the public sector. The fact is that nobody really knows which of those two is the case, although we all know individual institutions that we would all agree are high quality and they do spend a lot per student.

Fifteen years ago, it would have been true to say there were really two separate markets. To a large extent, the public sector generally offered a lower quality education and the private sector was, generally speaking--especially in this part of the country--the Cadillac model. That has now changed an awful lot in all parts of the country, including this one. If anything, the two parts of the market have come together. There are many private institutions that now regard themselves as competing with public institutions, and they regard that competition as being unfair. And I would say that they are probably right on both scores...I do not think it is a viable setup that we maintain, with subsidies all going to one sector.

PANEL: THE FORMS OF PUBLIC FINANCING OF HIGHER EDUCATION

Joseph Boyd
Executive Director, Illinois State
Scholarship Commission

Representative Daly, fellow panel members, ladies and gentlemen, it is a privilege for one from the Midwest to be welcomed to your midst and to be a part of this very important conference. Allow me to share with you some remarks which, I hope, may evoke discussion before this panel adjourns.

Never in the history of this country have so many young people sought the open door to college for self-fulfillment and preparation for a better future. Never in our history has the cost involved in implementing their decisions been higher. Individual and public interest are involved in every decision made concerning higher education. The challenge to and the goal of our system of higher education is to be able to demonstrate--by word and practice--that no young American who may reasonably be expected to benefit from such study should be denied the opportunity to attend an appropriate postsecondary educational institution of his choice simply because he lacks the dollars to make the decision a reality. This opportunity has two aspects: freedom of accessibility to a postsecondary education and freedom of choice as to where that education will be--in short, freedom to go and freedom to choose *where* to go.

In the academic year 1971-72, 21 states with comprehensive monetary award programs provided funds in the amount of $279.3-million to permit 635,500 students to go and, furthermore, choose where to go. It is interesting to note that these figures represented an 18 percent increase over similar figures for the previous year, which themselves were, ironically, 18 percent higher than comparable figures for two years ago. (I point out that there are not too many appropriations in higher education that would show such percentages of increase.) What are the achievements, the problems, and the trends reflected by these figures? In this short time, I can only highlight some of the factors that, hopefully, will contribute to thoughtful and realistic decision-making among those of us concerned with facilitating opportunities for our youth for formal education beyond the high school level.

Joseph Boyd

First, let me review the difference in terminology of the words "scholarship" and "grant" as generally used in the state monetary award programs. Scholarships indicate those awards which, while based on financial need, represent in addition an academic achievement based on some index such as class rank and/or performance on a given test. Historically, many of the states started with this method of providing assistance. Those students who are academically eligible are identified as state scholars in many states; they are given public and personal recognition, e.g., a certificate naming them state scholars, but this does not automatically bring with it financial return. To be eligible for a monetary award, state scholars must demonstrate financial need. Grants, on the other hand, while based on exactly the same financial need criteria as are used for state scholars, require academic eligibility for admission to the school of the student's choice as the only scholastic requirement. Both scholarships and grants are non-repayable and thus are to be differentiated from the various loan programs. For all practical purposes the scholarship and grant programs are one and the same, from the point of view of the administering agency.

Let me next highlight the known impact of the state award programs as we measure their effects. In our state recently, a survey of a randomly selected sample of 2,000 of our winners yielded the following information. To the question, "Would you have attended any college full-time without the state monetary awards?" 35 percent of the scholarship winners answered, No; 52 percent of those who qualified as grant winners answered, No. To the question, "Would you have attended the same college without a monetary award?" 68 percent of the scholarship winners and 67 percent of the grant winners said: No, they would have had to transfer to a less expensive school and to one which they would not really have prefered attending. We then asked them: "What would have been your alternate plans had there been no state award programs?" Out of the 48,000 students who were helped a year ago, we estimate that 28 percent of those attending college full-time at the time of the survey would definitly have been working full-time; 2 percent said they would have been in military service; and another 11 percent would have been engaged in homemaking or attending out-of-state colleges. These categories include only those students responding with a single, clearly defined alternative and account for almost 43 percent of the winners in 1970-71. In a few words, the awards did make a difference!

Now, some other measures of impact may be found in the characteristics of those who said they would not have been in college full-time without our aid--and note the differences here by percentages. Of all black students who were helped, 76 percent said they would not have been in college without our aid--of all the minorities, 68 percent. Among women students, 48 percent would not have been in college full-time,

compared to 37 percent for men; the combined average was 43 percent. Again, this is another way to analyze the impact of whether or not the state's investment in these people made a difference.

Historically, each state that has a monetary award program must determine which purpose--freedom of access or freedom of choice--is most important to strive for, although both are desirable. In the early days, when most of us were helping only high ability students, we really did not affect the access problem as much as the freedom of choice problem. However, when you expand to a program which does not require high measured ability, you can have real impact on both access and choice. Each state must decide, therefore, which of these is most important to strive for.

State programs--in contrast to federal programs--have tended to give equal or higher concern to freedom of choice than to freedom of access. There has been an evolution, though, from the time when primarily students of high ability were considered for state awards to an emphasis on students who have both high academic potential and financial need. At the present time, while financial need is evolving as the primary consideration among those meeting admission qualifications, there is also a strong trend to be less restrictive in other areas. Requirements such as rationing awards to particular geographic areas, to specifically stated vocational choices, to those with a record of military service, are all factors which are becoming less influential in the determination of who should receive state support to continue their education.

Simultaneously, in all of the programs that I am trying to represent today, the recipient will increasingly provide for some of his expenses, through employment during the summer or part-time while attending school. This is not unreasonable, and I think it is mandatory that these students be expected to provide some self-help. In our own state, whether it be through earnings, savings, or modest borrowing, we have determined that at least one-fourth of the specific college costs (no less than $500, but not more than $1,000) is the student's own responsibility--regardless of what his parents and/or the state might provide to assist him in meeting the academic year's expenses.

We know that as we force these kinds of program decisions upon them, there are available at the present time, through various state and federally administered loan programs, funds that are not always available to certain categories of students through monetary award programs. You may or may not design your program to assist students going out-of-state, but certainly the loan programs provide that choice. You may or may not include graduate students, but some freedom of access and choice is also provided to them through loans. You may or may not include

the vocational-technical institutions. (My estimate is that during the 1970's, these schools with an emphasis on career education will come under the umbrella of postsecondary education to a degree that we have never before experienced in the nation's history. Unless we are alert to this fact in all planning for the kinds of skills and the kinds of training we want to provide--whether these schools are profit or non-profit--we may be guilty of narrow planning.)

The ideal we wish to strive for is a realistic sharing of the overall costs of higher education--realistic from the point of view of the parents, the students, the institutions, the various levels of government (state or federal), business and industry, the foundations, and philanthropic individuals. There is, however, a need to consider the maximum amount of the individual monetary award to be made. A fundamental decision that all states and all planners must make is: How much money does it take to make these programs have impact? The fact is that you can set a maximum too high as well as too low.

Setting too high a maximum can actually cause tuition to increase beyond that level required for quality programs. There are private institutions in my state that have told me that *whatever* the maximum is set at, that will be their tuition. Well, you can imagine the reaction when this is known. In this attempt to finance students all sources must be accountable, whether public or private. The maximum value of a state award that is available should not necessarily determine what will be charged, what the tuition level will be. I hasten to add, however, that setting too low a maximum amount may not implement the goal of freedom of choice or occasionally even of freedom of access. If there is not enough financial aid to allow the student to even consider attendance at a higher cost college, you cannot implement what many have called the "equalization" aspect of our state programs.

There is a real attempt today to administer the distribution of public funds wisely. Thus, in addition to the maximum amount of an award, other factors besides assessing financial need operate in helping to control and distribute aid to individual students--and hence to all students. The parents of students applying for monetary awards in many states must agree to provide the state award agency access to their income tax returns in order to verify their application statements on income and assets. In making financial need so important, we must all be cautious in our stewardship of these monies. The most reliable and valid information must be obtained so that games cannot be played by those who have figured out a way to obtain that which they do not need. This past year, in my state alone, we identified over 400 cases of casual or false reporting--these have resulted in the withdrawal of the awards. We are continuing to explore other procedures to obtain valid information. Financial aid is big business--really big business--and unless we have thought through the ways in which we administer it,

the real opportunities provided to all will eventually be denied.

Now, let us examine some of the realities concerning the direct allocation of state funds to educational institutions, be they public or private. You cannot talk about student aid without getting into general support. They are interrelated. Most states have recently been involved in establishing what are turning out to be substantial tuition increases in the public senior colleges. The issue appears in many states to be less general tax support (to be replaced by student aid when needed) and an increase in tuition collected from those who are financially able to pay their own costs. The easy answer is to just pass the rising cost onto the student and his family. But the harder and necessary answer is to expect the government to provide what is realistically needed to provide access. Freedom of choice means the freedom to go to a public or a private school. You defend that right for those who want to go to a public college and have the ability with as much access to the necessary funds as for those choosing the private sector. And if I have learned anything about why the program in my state may have been successful in relationship to a few others, it is because both the public and the private presidents and the legislators understood that they were working together--not against each other--in determining what would happen.

The continued existence of many outstanding non-public institutions of higher learning is, however, seriously threatened by fiscal problems. The preservation of both strong public or strong non-public institutions is deemed to be an economic necessity and a desired educational goal. Yet rising costs in the private sector are again forcing tuition increases. Now, with assistance from the state, aid to students who would otherwise be unable to afford the higher costs of the private colleges is helping these colleges to fill unused spaces and to maintain more economic, stable operations. And, student freedom of choice is preserved.

Tax dollars that directly or indirectly support private education must, however, require these colleges to become a part of the master planning of each state to ensure the most economical use of all resources. If you are seeking federal or state dollars, you obviously do not want to completely lose your autonomy; but, you are naive if you do not realize that it is necessary for the state to understand how you are working to resolve its educational problems. To me, this will require new openness of your physical records and a new desire to cooperate with all concerned.

Insofar as funds are channeled through the students who then exercise their freedom of choice, the state sees students

as a means of accountability relating to both the private and public institutions. There are many who look upon student aid as a form of bringing about even greater quality--be it public or private--than may or may not have been possible under general support. In other words, the students can also instigate change to produce desired educational outcomes.

Another significant result of comprehensive state awards is that such programs allow all colleges a broader cross-section of students from various family, economic, and ethnic backgrounds. If education consists of both living and learning experiences, then permitting more students of certain minority, ethnic, and low-income backgrounds on campuses than would otherwise have been possible is an educational by-product of student aid which effects more than just the individual assisted. Diversity among and within institutions has made and is making distinctive contributions to social progress, providing a breadth of exposure and educational opportunity for varied individual needs.

Without the diversion of students from public to private institution, the needed funds for an even larger faculty and staff and the cost of even more buildings and equipment at the tax-assisted state universities could far exceed the cost of monetary awards for needy students to attend private colleges. There is an economic motive--it is not the only one, but it is very important--to debate. Some people only understand it on the basis of dollars. Some understand it on the basis of philosophy, not opportunity. You have to analyze it from all points of view. We are aware that there is an ever increasing drain on state treasuries as other forms of welfare besides higher education make their demands on the states' monetary resources. It is entirely possible that sufficient funds will not be available to state programs to dispense awards to all those who demonstrate financial need.

Various possibilities exist to deal with this situation. If appropriations are insufficient to meet the projected pay-out of funds for needy students, what are you going to do? Well, you may have to rank the students on the basis of their parents' ability to pay; or, to deny aid to those who apply late; or, to cut a percentage of the aid to all award winners. I certainly would not recommend that you do not start a program simply because you may not have enough money for all. There are, however, systems that cannot be used.

What other trends do I see for the 1970's in terms of state award programs? The development of the human resources of each state will require further expansion of student aid programs--expansion both in available dollars and in the definition of an eligible student. Examples of where only a few of us may now be helping students, but where I see rapid expansion, are the hospital schools of nursing, the other allied health programs, and the vocational and technical schools. In the future, eligibility will also have to be considered

for the graduate student. We will have to deal with the probability of state lines becoming more artificial and the question of whether or not when we say freedom of choice, it stops at the state line. (As you know, very few of the current 21 programs now permit the awards to go out-of-state.) As I said before, we will have to look at the for-profit vocational-technical schools and business colleges. We will have to look at society's problems and the goals of those who want to return as full-time students to re-educate themselves. And then we will have the really difficult question: Are these award programs intended and/or should they be intended for part-time students? There is already discussion about the latter among the various states, and this must continue.

The most urgent, and we believe the most practical, thrust for the future administration of state award programs is toward the consolidation of all those programs dealing with financial aid into one state agency. Communicating opportunity is a real challenge. You can set up the most ideal program you have ever dreamt of, but there may not be channels of communication to those who would benefit most. You may be failing the intent that you have. In most states today with a variety of opportunities it is very difficult to help students deal with the variety of offices and to understand fully what the state does offer to those who wish to go on. Now there is criticism, of course, of placing all student aid in one bureaucracy, but it does have some obvious advantages: in processing applications, in equitably determining need, in standardizing award decisions, in consolidating appropriations, and in administering the funds. Consolidation also simply implies that there should be as few programs as necessary, by title or by funding, in order to permit improvement in the communication problem between the agency and the high schools, the colleges, the parents, and the potential recipients.

In my opinion, the basic state program of student aid should be administered outside the institutions to remove any evidence of institutional paternalism, to reduce financial influences in the choice of institutions, to relieve institutions of a costly financial burden, to achieve a smaller per-unit cost, and to preserve the freedom of college choice and transferability. A very philosophical but necessary decision for each state to make is: How shall we administer this program?

As I stated above, one of the greatest problems we face is the communication of award opportunities to some of the very students who could benefit most--those in the inner-city school environments for whom the conventional methods of publicizing such opportunities are apt to be ineffective. I have often wondered what kind of investment might be made in

our young people *now* to minimize the total taxpayer burden of fifteen or twenty years from now in terms of the demands on society for those who might at that moment be in mental homes or incarcerated in some kind of penal institutions or what have you. But tragically, some of those very people we should get the word to about what federal and state opportunities exist are sometimes neglected. We have to think of other means of publicizing these opportunities. One answer to this problem which we are trying in Illinois for the first time this year is an Office of Informational Services, staffed by professionals who have come out of the type of community in which the low-income students live. We feel that they know more about these youngsters because they were products of such groups themselves and thus can convey opportunity in a way which has not always been possible through conventional methods. We have found, for instance, that you must take the lead--you cannot rely on high schools and colleges to deal with community agencies and co-workers.

Another paramount consideration in the years immediately ahead is developing state aid programs which will complement (not replace) the aid programs of the federal government. The federal government can, indeed, through its decisions have great impact on what a state should be doing. We are in a difficult time. We are not exactly sure what will come out of Washington. But we are naive if we do not realize that what we plan at the state level should work in concert with federal student aid. Whatever group the federal government intends its awards to focus upon--in terms of access, low-income, or greatest importance--you will then have to analyze from the state's point of view what other levels of need or purposes are important beyond what the federal funds are accomplishing. There has been and there continues to be a trend in federal support toward access for the severely needy. Federal/state partnerships for student financial aid seem increasingly desirable to promote both freedom of access and freedom of choice. If the federal government's concept of an "entitlement" (of $1,400) should become law, what does that say to a state that wants to build on top of that (not replace it) to permit other things to happen? My contention is that each partner can and does have unique and vital purposes.

Career education, rather than a general liberal arts education is another trend in line with the increasing need in the vocational world for specialization. While this trend may be considered deplorable by those who feel society desperatly needs more individuals educated for flexibility and the ability to deal with the broader aspects of life, both in its vocational and general social development, the fact remains that vocational-technical schools will continue to appeal to increasing numbers of students whose grasp of the need for

financial survival in later years is real. We must come to grips with this one in the 1970's.

These are some of the considerations that we, both as professional stewards of state institutional funds and energetic leaders in promoting the development of higher education, have been, are being, and will be confronted with. More dollars for higher education from tax funds, to assist both the institution and the individual, are surely one form of welfare which adds to the vitality and strength of the nation. The benefits are both immediate and long-lasting.

Thank you.

PANEL: THE FORMS OF PUBLIC FINANCING OF HIGHER EDUCATION

D. Bruce Johnstone
Director, PAYE Program
The Ford Foundation

Thank you, Joe, for setting the stage with that excellent presentation. I would also like to thank Bob Hartman for his equally excellent and highly provocative presentation dealing, in part, with the question of loans. I would like first to place the question of loans in what I feel to be its proper public policy perspective. My goal is to separate the examination of loans as a means of handling part of the student-borne costs of college, from the much more volatile and much less productive question of the policy implications which loans may--or may not--have on the amount and form of public subsidy to higher education. If I am successful in disposing of the latter, I will then turn to the former question and examine some of the reforms which have been suggested for making credit more available and debt more manageable. In this regard, I will at least touch on the question of income contingent loans, or deferred tuition, or tuition postponement, or Pay-As-You-Earn--or whatever other label one cares to attach to that particular form of lending.

First of all, credit *is* important today. We are far beyond--about $1.5-billion beyond--the question of whether or not students should be borrowing for higher education. We are also about 1.5-million student borrowers per year beyond the question of whether or not loans are a proper or reasonable method of financing higher education.

But loans, I believe, have to be viewed as a *residual* technique of financing. I believe very strongly that they must follow the resolution of the more essential questions which Bob Hartman put his finger on today: What ought to be the amount and the form of public subsidy to higher education? Whatever the answer, there are going to be costs born by the student and his family; they are going to be high in many cases, and perhaps higher than they have been in the past, at least to some students; and, loans are going to have a role. But a profitable discussion of different types of loans follows from--and is of no real help to the resolution of--these more fundamental questions of the proper amount and form of public subsidy.

It is not my role, of course, to discuss these fundamental questions. But if I could recap the underlying issue and the way I believe it must be addressed, the concept of lending will be seen in its more proper perspective.

An economist will begin with the costs of higher education. We start out assuming that students will bear those costs. Then we modify those costs essentially in two ways. First, we consider the question of public benefits--those benefits which do not accrue to individual students. I do not want to go back over old ground, but I do want to say that there is room for a great deal of public subsidy depending upon what those peculiarly social benefits are. Second, we modify those costs by whatever amount it takes to promote access--to achieve some socially desirable socio-economic mix in higher education.

The appropriate amount of public support, then, is one question. How that public support should be channeled into higher education is a very different question. I am very willing to say that higher education should probably not be subsidized beyond that point which is necessary to ensure the amount and the kind of education society needs and to achieve the equality of access that we believe is important. I am also willing to acknowledge that the amount of public subsidy that would follow from that proposition would be very substantial. But once the amount and form of public subsidy has been resolved--and it will not be resolved for some time, if ever--there are going to be substantial costs remaining for the students. At that time, the question of loans or credit must enter into our calculus of how best to finance higher education.

I think loans are a proper, efficient, and reasonable form for allowing students to meet those costs. There are some who have said: How about the low-income students whose social and economic experience has taught them, with good reason, to fear debt? The answer to such a charge is very simple: If those students will not borrow, then loans have no place for them. If such a student ought to be in higher education, fine: subsidize him; give him grants; give him low tuition; give him negative tuition; give him whatever it takes. But there will remain an enormous role for credit for those students who are willing and able to manage loans as a technique of financing their higher education--particularly if those loans are made as manageable as possible. The thrust of my remaining remarks will be directed, therefore, towards how to make credit as manageable as possible. I will simply touch on three devices, three possible reforms or changes, which I believe have the capacity to make educational credit more manageable than it is today.

The first is in the origination of lending. Clearly, some of the problems in lending--of access to credit by students--have resulted from the necessity of going through the private banking sector, which has not been sufficiently accessible to many students and which has not always had a sufficient amount of credit to meet the needs of students. I think the avail-

ability of credit could be enhanced by putting more of the lending into the hands of the institutions as the originators--although, I hasten to add, not necessarily as servicers or collectors--of loans.

The second area of needed reform is the repayment schedule. Currently, under the Guaranteed Student Loan Program, repayments are generally restricted to a maximum of ten years and to minimum annual payments of $360 a year. By and large, these schedules require an equal payment each year, except in the case of a National Defense Student Loan, in which case repayments may decline over the period of amortization. It seems to me, however, that it makes very little sense to have a repayment schedule which has no relation to the schedule of ability to pay--and, in fact, which may run contrary to it. It seems reasonable, simple, and not terribly controversial to assert, therefore, that the probable income or the capacity to pay of the borrower ought to have some bearing upon repayment schedules. Very simply, that means payments would rise over time, in accord with income. Perfect correspondence with income suggests an income-contingent or percent-of-income loan plan. But a much simpler technique would simply be to take a conventional, fixed-schedule loan and slope the repayment schedule upward over time approximating an income contingent schedule. This is not terribly exotic. It should not be very controversial. It is not at all difficult. But we do not have it.

Third, I think we ought to provide some protection to the low-earning student whose monetary returns from higher education have not, in fact, repaid his investment in this education as he perhaps thought they would or we, indeed, told him they would. There is certainly a substantial private return from higher education. But we all know there is a great deal of variance in that return--it is a risky investment in an imperfect capital market. I think it makes enormous sense for somebody (I will identify that body in a moment) to provide students a form of risk insurance or low-earner subsidization which would forgive repayments which exceed some given percent of their income over the years.

If there is anything new in my suggestions for reform, then, it is this: a new concept in public subsidies, basing public subsidy, in part, on the failure of the individual's private investment in higher education to pay off. Currently, we subsidize students on a variety of bases. We subsidize students across the board by their attendance in public institutions. We subsidize students by virtue of past public service, as with the GI Bill. We subsidize them by ability, as in scholarships. We subsidize them by low family income, as in most of our need-based grants. We have certain kinds of loans which subsidize students across the board, and some which subsidize student following particular courses of study.

We occasionally subsidize students according to future occupation. All I am asking is: What would be the return on subsidizing students, in part, on the basis of their future earnings? I would make the claim that a substantial low-earnings protection provision attached to a loan program--particularly in concert with substantial subsidies based on current low family income-- would be an exceedingly efficient and reasonable method of publicly subsidizing our students. If increased access to higher education is one of our major goals, then I believe we can perhaps get more access "for the buck" with this kind of public subsidy than we can out of most of our current implicit and explicit public subsidies of higher education.

D. Bruce Johnstone

Let me recap. I have not gone into any depth regarding the income-contingent loan concept, but I think you will see in a moment that it follows from my remarks just made. First, the question of loans *per se*, or the question of particular kinds of loans, must follow from the basic determination of how we finance or how we price higher education. I mean by that that the adoption of an income-contingent or any other kind of loan program *cannot* get us off the hook for passing the costs onto the students. Loans are not a substitute for resolving the essential questions of how much and in what manner the public should support higher education--they follow from that resolution.

Second, I think that loans are a reasonable and an efficient way of financing higher education, provided we keep in mind the essential goal of equalizing access to higher education and do not assume for a moment that loans can be a substitute for direct need-based grants.

Third, I think loans can and should be made more available than they currently are by encouraging institutions to become the originators of loans, a reform which may be achieved by the soon-to-be enacted federal secondary market.

Fourth, we should lessen the risk attached to educational borrowing by putting public subsidies into some kind of low-income repayment forgiveness. I will go a bit further here and assert that publicly subsidized, low-income loan forgiveness would be a vastly better use of resources that is the across-the-board subsidy implicit in all 3 percent National Defense Loans and in the interest forgiveness for students from families below $15,000 gross income.

What would a loan look like if it followed these rather sketchy specifications? Very simply, what I am suggesting is a conventional, fixed-schedule loan whose repayments are sloped over time, roughly in accord with what we expect future income growth to be, but with a percent-of-income ceiling (which I believe should be publicly subsidized) above which a repayment should never have to go. If you happen to like talking about income-contingent loans, all I have really described is an income-contingent loan with a fixed-schedule of maximum annual payments. I prefer to call it a fixed-schedule loan with an income-contingent ceiling, in order to avoid the emotional and debilitating responses one gets to the income-contingent loan concept. The trick is to focus your attention upon that fixed-but-rising schedule of payments, which the majority of students will pay, and then imagine a low-income protection provision, financed by whatever source is providing other forms of subsidy, and triggered when payments rise above a certain percent of income. I am not talking about a mutualized, fully income-contingent loan plan where the high-earning borrowers subsidize the low-earning borrowers. Nor am I talking about an income-contingent loan plan where all borrowers pay a percent-of-income. I am talking about a fixed-but-rising repayment schedule for loans, with government subsidized income-contingency added as a protection feature for the low-income borrower.

What would this require? I think the secondary market is a step in the right direction, to allow more institutions to become eligible lenders and therefore originators of loans. I think loosening up the legislative restrictions specifying which loans are eligible for guarantees would help. The final step, however, would require state and/or federal legislation to direct a certain amount of public subsidy into what I have described as the income-contingent or low-future-income grant provision.

I do not claim that the loan form is totally neutral with respect to the question of how much public subsidy is necessary. Many of those who have criticized various loan schemes have said that what we are really doing by providing a better form of lending is giving aid and comfort to our enemies--our enemies being legislators who, with all due respect, are looking for every conceivable excuse to slash our budgets. I do not have a good answer to that because I think that, to some degree, it can be true. There are many people in public office, as well as out of public office, who wish to reduce the public subsidy to higher education for a variety of reasons. Perhaps they are right. Perhaps they are wrong. I tend to think they are wrong. But I do not think that second-guessing the collective wills of some fifty state houses, a hundred legislatures (less the unicameral house in Nebraska), and the federal government is a sufficient excuse for not accepting the fact that lending is here to stay and is going to grow--and then seeking the most manageable kind of debt instrument we can provide.

PANEL: THE FORMS OF PUBLIC FINANCING OF HIGHER EDUCATION

Allan W. Ostar
Executive Director
American Association of State
Colleges and Universities

Some of my colleagues have indicated that Bob Hartman's speech was very provocative and I would certainly agree--it provoked me. If I had a copy of it, my remarks today would be somewhat different because I would like nothing better than the opportunity to respond to some of Bob's statements. But I will be seeing him back in Washington, and I am sure we will have a go at it there. Meanwhile, I do have some notes prepared which I would like to go into.

First, I would like to comment on higher education's financial plight. I know that I do not need to tell those of you from higher education what these financial problems are, but for the benefit of the public officials and legislators present, I thought it might be useful to quickly scan a few of these.

The same factors which have affected the average taxpayer of late are affecting the colleges and universities--rising costs and inflationary prices, complicated in many cases by a constant level of funding and loans. Higher education's resources become less adequate each year to cope with the increasing demands upon it. Last year, the Carnegie Commission found a "new depression" in higher education with two-thirds of the nation's colleges and universities in or headed for serious financial difficulty. The principle reason was that while both cost and income were rising, costs were rising at a steady or slowly growing rate while income was growing at a declining rate. This year, a financial status survey of the major state universities and land-grant colleges showed that their financial crisis was more severe than last year. State appropriations, a chief source of the public universities' revenues, are becoming more stringent--56 percent of the survey respondents' appropriations were below the 10 percent "standstill" requirement. And there is an ever increasing competition for state tax dollars to meet pressing needs in other than educational outlays--social welfare, health, and the environment are only a few of these important areas.

There is increasing pressure from the private sector for a bigger slice of state funds. Private institutions, however, already receive a disproportionally larger share of federal funds. Publicly supported institutions receive 62 percent of federal funds, but enroll 72 percent of all students. In fiscal year 1969, state colleges and regional universities were granted only 7 percent of the nation-wide total of federal funds to all institutions although they enrolled 22 percent of the students in the nation. The data which the Carnegie Commission on Higher Education has just released show that the new federal legislation proposed by both the House and the Senate tends to favor the private institutions. This legislation, particularly the House version, is supported by all of the major higher educational associations, both public and private. Today is not the time, however, to go into this area and debate the merits of the various proposals; this will come up later in your conference. But clearly, the state colleges and universities are heavily dependent upon the states if they are to meet the responsibilities that the states have placed upon them.

What are some of the effects on the institutions of their financial plight? Higher education is suffering disastrous effects. Academic quality is being seriously threatened. Many institutions are cutting back on faculty and other staff. Building programs are suspended. Maintenance is all but eliminated. Equipment, travel, and library expenditures are sharply curtailed. Course offerings are reduced. Innovative programs are being abandoned. Qualified students are being turned away. Faculty-student ratios are mounting. Financial aid to students has been cut and special programs for minority students are being scrapped. Faculty members, who are also caught in the inflationary spiral, are receiving no pay increases whatsoever in some states, which leaves them with less purchasing power than they had before.

You will note that where the other speakers have generally talked about the problems facing students, I am now emphasizing the problems facing institutions. These are really not separable, however, as Mr. Boyd pointed out, and I will give you a couple of illustrations. California State College at Hayward, with 11,000 students,has been forced to hire 100 fewer faculty members this fall. It enrolls the largest percent of Blacks in the State of California and budget restrictions will hit these students directly with deep cuts in the Educational Opportunity Program. Those needing remedial work will be especially hard hit because, with increased faculty loads, there is just not anyone to do the job. Many of these students will simply have to drop out and lose their first big chance to make it. California State College at Long Beach, with an enrollment of 28,000, has been asked to take more students despite budget cuts. Classes will be increased from 25 to 35 students. Those working on

master's theses or graduate research will be without faculty supervision. There are insufficient staff to adequately supervise student nurses and interns at local hospitals. Special classes in the counseling program for 1,200 disadvantaged students must be cut back. Registration has been closed and 4,000 qualified students have been turned away. One other horror story--and I have a whole series of them. (I am concentrating on the West coast because I do not want to hit too close to home.) California State College at San Luis Obispo had one of the largest architectural programs in the world and one of the biggest engineering programs on the West Coast. This year, it has had to refuse admission to 3,500 students and has lost 62 faculty positions from its requested budget. There are 400 foreign students on the campus whose tuition has been increased from $600 to $1,100 (approximately full-cost), making it all but impossible for them to continue their education in this country. The school is unable to purchase any new books for the library this year and is laying off library staff members.

To come to Mr. Boyd's state, I have one more illustration I would like to present. Western Illinois University is, in many ways, typical of the dilemma which many state colleges face as they adjust to serious appropriation cuts. According to President Bernhard, the state cut the University's budget $1,175,000 below last year's appropriation. What will be the result? A 60 percent cut in student jobs on the campus, denying many students a chance to complete their education. A 20 percent cut in awards and grants to disadvantaged students. No salary increases for campus personnel. A heavy reduction in the academic and civil service positions necessary to meet anticipated increases in student enrollment. (This may cause a cancellation of many classes as the institution must now operate with a reduced faculty.) A 40 percent cut in library acquisitions. Complete elimination of several new academic and service programs previously approved, including the Institute for Regional and World Studies, the Cultural Arts Program, and a tightly stretched maintenance program. Quite obviously, President Bernhard says that during 1971-72 they will have to reassess the issues and determine what steps to take. It is a negative response to urgent social needs, but if the dollars are not forthcoming, they may be compelled to make unpleasant decisions just to survive as an institution of higher learning. I emphasize that this is a *public* institution.

What are some of the financial solutions that have been proposed? As you have heard today, there has been a growing movement to shift the burden of the cost of higher education onto the student through tuition hikes. The statistics on increasing tuition indicate acceptance of the idea that public education is a commodity to be sold at the price the market will bear. Average resident tuition in the state colleges has risen almost 42 percent in six years, while non-resident tuition has increased more that 54 percent. During the 10 years between 1959 and 1969, tuition and required fees for

public four-year degree-granting institutions doubled, while those in the public two-year colleges increased by 93 percent. College charges for instructional and related purposes have risen at a rate more than three times as great as the Consumer Price Index because students are being charged a higher proportion of the cost of their education.

What are some of the arguments against this trend? Increasing fees for public education flatly violates the American dream and the current commitment to equal educational opportunities. It also violates historical precedent. After establishing public high schools, enrollment jumped from 6 to 86 percent of the relevant age group within seventy years. The success of educating vastly increased proportions of the population in the secondary schools did not, however, result in the withdrawal of public support. (I note that Bob Hartman said this morning, in response to a question, that he was willing to perhaps move in this direction for the last two years of high school.) We must remain adamant in our philosophy that society benefits from and is responsible for educating our children to the highest level of their ability -- including graduate school.

Consider the benefits of public support under the GI Bill. We sent 4.5-million veterans to college at a federal cost of about $12-billion. The benefits to society of the increased income and the technical and professional skills of these veterans resulted in an impressively larger return on the government's investment. The return in increased federal taxes payed by these veterans is, alone, estimated at $100-billion. Now the economists have not talked about investment, they have talked about social benefits and individual benefits. The Federal Reserve Bank would agree, however, that a return of $100-billion on an investment of $12-billion is pretty good. But what else did we get in return for this investment? We gained 1-million college-trained businessmen, 750,000 engineers, 300,000 medical personnel, 200,000 scientists, and 400,000 teachers, to name a few. Let me remind you that there was no need factor in the GI Bill. This went to veterans from high-income families, low-income families, whatever, with no reference to their families' or their own income. And they have all repaid their "debts", to the extent that we have a form of a contingent repayment plan called the progressive income tax.

When incidental expenses and foregone income are included, students are already paying three-quarters of the cost of their education. According to the distinguished economist Howard Bowen, tuition really represents a very small fraction of the total cost of higher education. Moderate expansion or contraction of tuition would not, therefore, change the system significantly; there is evidence, however, that higher tuition does discourage low-income students and

minority group members. Conversely, low tuition encourages low-income and minority group members to attend college. The expansion in the two-year college sector is dramatic evidence of this. (Incidentally, for those who have suggested--as I saw in the material that was sent to us in advance--that the two-year college may provide an answer to the problems in the four-year institutions, I would suggest: far from it. It compounds our problems because it brings into the higher education system many students who did not have access before, which in turn puts an even greater burden on the four-year institutions in terms of transfers. I think you have found this out in Massachusetts.) Challenging the argument "that the current method of financing [California] public higher education leads to a sizeable redistribution of income from lower to higher incomes", economist Joseph Pechman, also at the Brookings Institution, has conclusively demonstrated that when benefits and costs are distributed by income levels, the California system is indeed progressive. He suggests the proper manner to handle the equity problem is to be sure that the tax system is progressive, not to levy a user tax to pay for the external benefits directly. California is also a good case in point that low tuition in the public institutions does not necessarily put the private institutions out-of-business. Some of the strongest and finest private institutions in the United States are in California, a state which has had, for all intents and purposes, a free tuition policy ranging from the University to the State and Community Colleges.

Now, to the question of loans. There is a curious relationship between rising tuition costs and loan bank proposals. Do proponents of loan schemes favor loans because they will help meet rising tuitions and make college more accessible; or, do they favor loans because they seek rationalized justification for increasing tuition in the first place? It is interesting to note that most loan bank enthusiasts oppose low tuition in principle as unjustified public subsidy and as providing unfair competition with private institutions. Milton Friedman, in the original loan bank proposals, strongly urged that tuition be raised to actual cost, particularly in public institutions. He stated flatly that he did not believe society benefitted enough from higher education to justify paying a substantial subsidy to students through low tuition. His later report supported the same idea, calling for the price of education at both public and private colleges to rise to something approaching its actual costs since this would be made feasible by the Educational Opportunity Bank. Participants at a White House conference before the so-called Zacharias Plan was made public will remember the candid explanation by its sponsors that the proposal was, frankly, a way of financing institutions, *not* students. Other early advocates, such as Seymour Harris, Killingsworth, and Christopher Jencks, all viewed loans as an instrument for the introduction of full-cost tuition.

Let us get back to the students, who should remain the focal point of our concern--institutions, after all, exist to serve people, not the reverse. Today's students should not be the first generation in the history of the United States--of the world, for that matter--who are asked to assume lifelong debt in return for their education. Replacing subsidies for students with loan programs amounts to a special tax on those who go to college: you are unable to finance your higher education without borrowing. Is this to be the new economics of public services, with only those who receive direct benefit paying? Do we put turnstyles in our public libraries and in our public parks? Willingness to borrow must *not* become the single most important qualification for college enrollment! There is already too much borrowing on the future--the pay-later principle. Let us not adopt going to college credit-card style. With a 35 year maximum repayment schedule, a man might still be paying off his college loan at age 57--possibly long after his own children completed college, but before his grandchildren started. With life-long repayment for higher education, what happens to the highly desired concept of stopping in and out of college at various stages of life? Would not current loan schemes, if they take hold, effectively discourage college training for a man or woman 45 years of age or older? Or would they be allowed a 35 year repayment period, too--with the last payment to coincide with the last breath at age 80.

I also fail to see what category of student will actually benefit from these proposals. As Mr. Boyd indicated, low-income students, whose family backgrounds include experience with foreclosures and reclaims, are unlikely to assume the burden of debt of higher education, especially for long periods. If they do borrow, they are likely to be hostile to a system in which they must mortgage some of their future earnings and start their wage earning years at a dis-advantage compared to non-borrowers. This is not equal access. This is certainly not equal opportunity. In addition, this will appear to be further evidence of discrimination to those minority groups asked to mortgage their future in order to fulfill their dream of education while wealthier folks escape such debt and disadvantage. Foregone earnings seems sufficient enough sacrifice for the student from a low-income family; a burden of debt later in life simply spells out one more reason for a poor, young person to go to work, rather than go to school.

If scholarships are provided for low-income students while tuition rises, more middle-income students will, as has been indicated, then be forced to borrow. The struggling middle-class would receive no scholarship money, pay a higher tuition, and begin life with a substantial debt. One recent analysis indicated, for example, that under one variable-term loan proposal, the wage earner would pay back about $15,000

over a 30-year period for a $3,000 loan. Let us hope the student does not need a $10,000 loan! Immediate earners who continue to pay to maximum term will be contributing more to the surpluses than any other group, including the high wage earners who opt out earlier. The middle-income man will, in fact, bear the brunt of redistribution in this variable term loan plan, and that same man may also be responsible for his wife's substantial debt as well. The loan bank invents a new kind of negative dowry. Heavy reliance on loans is particularly discriminatory to women, therefore, and no adequate economic solution has been suggested for the problem of married women who may be non-earners after college. Even if repayments are keyed to that sweet sounding phrase "family income", as sometimes proposed, the loan is still a tremendous burden to the male wage earner.

High-income students would not need to borrow and their advantages and their debt-free existence would be perpetuated. However, the PAYE plan assumes, in order to make the system work, that some high-income students will borrow and exercise an early buy-out option--paying back about twice what they borrowed, plus interest. These people will be *needed* to help subsidize the education of **others**: Is it fair for such a small proportion of the population to assume the cost of educating the lower wage earner? Educational support should come from a fair and graduated taxation of the earnings of the total population. A recently unpublished analysis by Frank Newman (of the so-called Newman Report) of students borrowing under the Yale Program indicates that, to a large degree, these borrowers have not seriously thought about the implications of their debt. Concerned that students' motivation and seriousness of purpose should be evident during schooling, rather than on a deferred basis, Newman feels other methods of financing higher education must be found.

Once we accept the principle of students paying the primary costs, federal and state legislators and private donors will have less incentive to assume their responsibility and contribute accordingly. Already, private colleges and universities collectively reported a decrease of about 9 percent in voluntary contributions for 1969-70, contrasted sharply with prior trends showing voluntarily support rising 9 percent annually. Between fiscal years 1969 and 1970, federal funds to universities and colleges declined nearly 7 percent to reach the lowest level of funding since 1966. This marks the first drop in actual dollars of direct federal support since 1963, the first year for which complete data is available. Further, federal funding is certainly not distributed equitably, with 71 percent of the total obligations in 1970 going to 100 institutions. The recent federal tendency has been to curtail scholarships, work-study funds, and subsidized low-interest loans, below the level of need. It seems unlikely,

politically, that large sums of federal money will be provided for scholarships for poor, minority students. And even if funds were appropriated for scholarships in one session of Congress, there is no guarantee that they would be appropriated again the next session. Thus, there is no way to guarantee that the loan bank, suggested for middle-income students, will not also become the loan bank for the poor. Each increase in tuition not accompanied by increasing scholarships would force more students into borrowing.

John Mallan, of the American Association of Junior Colleges, predicts that if the bank becomes a principal source of support for most students and colleges, it could become a major center for national, political and economic controversy. He says: "There would be annual Congressional controversy about repealing or amending the bank's charter, raising or lowering interest rates, 'foregiveness' amendments to cancel the debts of teachers ... veterans, and so on--as in present federal loan legislation--as well as arguments about loyalty oaths, extending loans to radicals and dissenters, civil rights debates about loans to colleges which discriminated, possibly church-state problems about loans at religiously related colleges ... The Big Bank ... would be the target of every group, 'liberal' or 'conservative', attempting to affect either fiscal or educational policy."

I shall not go into the problems of default, liquidity risks, repayment shortfalls, adverse selection, forgiven balances et al. These are problems for the economists--suffice it to say, I think they are extremely difficult problems to resolve. Legal problems of enforceability, usury and small loan laws, and accessibility of internal revenue data also suggest administrative nightmares.

I believe low tuition, not long-term loans, are the best way to make education available to the less affluent. Low tuition requires assistance to institutions. Such aid must be financed through federal taxes. Henry Steele Commager says it best: "Taxes to support higher education are like taxes to support elementary education, strengthen national defense, build roads, maintain hospitals, safeguard the young, operate libraries and museums and maintain public order. The principle that underlies all of these enterprises is that they are essential to the well-being of society."

Previous loan bank suggestions, going back over 15 years, have been scuttled successively, by the persuasive philosophical, economic, legal, political, and social arguments of large groups of opponents. Let me stress, when I speak in opposition to loan schemes, including PAYE, I am not alone. There is unalterable unanymity among all the higher education associations representing public higher education, against loan bank plans. Together, these associations enroll about

75 percent of all college students. We stand as one voice--and we are joined by many leaders in private higher education, from groups such as the American Council of Education and the Association of American Universities. I think our logic will prevail--again.

How then do we propose to help finance higher education? The American Association of State Colleges and Universities and all major higher education associations favor increased federal financing--direct institutional aid--in the form of operating grants to cover basic costs. We believe such aid should be based on easily available and measurable data, such as the numbers of full-time equivalent students as of some fixed date. Such assistance should recognize higher costs for graduate level work and other advanced professional degrees. The concept of direct institutional aid departs significantly from the federal practice of earmaking grants for specific uses, and shifts major budgetary discretion to college and university officers.

Given such new responsibility and lagging public confidence, institutions will be held accountable for the use of funds. Institutions must maintain academic freedom and institutional integrity in the face of growing government contributions and control. State legislators, the public, and Congress object when higher education cannot provide precise data indicating wise use of funds. Institutions should be prepared to answer these critics. The public will demand: effective utilization of available resources; assurance that faculty members, administrators and students are doing their jobs; review of priorities to assure that colleges are responding to rapidly changing needs of society and varying job markets; and maximum opportunities for low income, minority, and women students. Particularly with increased federal support, equal access to higher education is absolutely essential.

There is a need for improvement in many of these areas. Better business-type management will be required. The time has come to consider such factors as faculty and administrative productivity. (Some states are already considering legislation establishing faculty work-loads.) Institutions must recognize and remedy any wasteful practices.

There must also be improvement by states in their efforts--there are wide discrepancies among them in their efforts on behalf of higher education. New England ranks about at the bottom third in the percentage of per capita income devoted to higher education. It also ranks at about the bottom third of the fifty states in the percentage of high school graduates who go on to college. Mississippi, a poor state, devotes a much higher proportion of its per capita income to higher education and also sends a higher proportion of its high school graduates to postsecondary education.

We have been urging Congress to fund education programs, such as work-study, money for construction and facilities, educational opportunity grants, and national defense loans, to the full level of their authorization. What is needed, and needed now, is a balanced system of support among the federal and state governments and the philanthropic institutions, embracing student, institutional, and facilities aid programs. With such grants, our institutions would not have to raise tuitions substantially, nor rely on already squeezed budgets. Universities are now in a matchless position to widen their educational services. If we truly believe in the value of education, we must find a means to act on these priorities before it is too late--and it almost is.

Thank you.

PANEL: THE FORMS OF PUBLIC FINANCING OF HIGHER EDUCATION

Question And Answer Period

The question and answer period following these formal remarks gave the conferees an opportunity to address their specific questions to the panel, and it gave the panelists an opportunity to further clarify their viewpoints.

The first question was directed to Mr. Ostar, who was asked if, in light of his use of the GI Bill as an example, he would agree with "the importance of using funding through the student as a means of controlling the allocation of resources within the educational system."

Ostar: I used that illustration to demonstrate the value of the public investment in higher education. My recollection of the GI Bill is that institutions also benefited by the program.

The agreement among all the higher education associations in Washington is that we need a balanced system of support. We need increased student aid--vastly increased amounts of student aid--we need institutional aid, and we need some of the categorical and project grants, too--but placing less emphasis on those. I think there is a real danger in relying solely on any one form of support; we need a variety of forms. If we become dependent on one source, then I think the institutions will become subject to all kinds of pressures that are very difficult to avoid.

Another conferee asked, "Dr. Boyd, did I hear correctly that there are only 21 states that have scholarship programs?

Boyd: Twenty-one states have what I call "comprehensive" scholarship programs, that is, the money provided is based upon need, is open to any state resident, and can be used at either public or private institutions. There are many other states that have what I call "categorical" awards which go to veterans, the disabled, those who choose a certain vocation, etc. Now, the trend, generally, has been to reevaluate some of those; but, when I described 21 states, their programs were comprehensive.

The same conference participant then commented, "You spoke about career education and said you thought that during the 1970's it would come under the umbrella of higher education. I think it already should be, if it isn't already."

Boyd: Well, it is and it is not in certain places. Look at the federal student aid program: the EOG has never been

made available to students attending technical, specialized, for-profit schools; work-study and loan programs have. Look at these 21 comprehensive programs: I think I can safely say that, with the exception of Pennsylvania, most of us have not permitted our aid to be used at these schools. Only about 4 or 5 are even permitting the aid to be used at hospital schools of nursing.

I think we will have to re-examine this issue. Look at the great reaction to the trauma of the 1960's. All of us have data that show thousands of kids wanting to go into a human-related service, really believing that some kind of identity, not money, makes a job worthwhile. But there are not many jobs out there. So many of them go through the traumatic experience of deciding: What am I going to make of myself? There will be a return, I think, to immediate, saleable skills (working with your hands), to short-term training, to less anxiety over where one is working. Therefore, I think we will be forced to look again at all these institutions we knew were out there in a great variety of forms. This is a definite trend, and the 1970's will force us to look at it very carefully.

The entire panel was asked to respond to the following query: "From where you sit, what do you see as the advantages or disadvantages of the so-called voucher system, if it is applied to higher education?"

Johnstone: Assuming that by a voucher system you mean a system of fully-portable, need-based grants, I think that would simply be a mechanism for distributing a given pot of public money in such a fashion that, almost by definition, it would maximize access to higher education, given that amount of resources. If, however, you mean a portable voucher not based upon need, then you are probably talking about something like the GI Bill, except that everybody gets the grant. That would erase the competitive disadvantage of the private as opposed to the public institutions, but I would find it an inefficient use of resources because every dollar you give to a student which has no effect whatsoever upon his ability or willingness to enter higher education is a dollar you cannot give to another student who needs perhaps more than that voucher. In either event, however, I think vouchers could have the effect of erasing part of the public/private distinction and of making more efficient use of the available public dollar.

Boyd: I assume you did not mean a needs-based voucher, so I react the following ways. I think the trend of granting money to the student to permit freedom of choice requires an awards structure that permits the potential for a greater amount if a given choice is made over another one. Therefore, if you want to preserve freedom of choice, then the voucher

(in equal-value, no-matter-where form) would have some real problems with regard to what we are trying to preserve.

I think, too, there are some real practical administrative problems if the aid ends up in the hands of the student and then may or may not be used for its purpose. One of the things that bothers me about the guaranteed loan program is that too many have received $1,500 on demand, being on campus for a few hours, and then this money has been used for other than educational expenses. I would not want a voucher system where this might develop.

Another conferee asked, "If the panel would comment on what types of financing could best promote a healthy atmosphere for academic freedom?"

Ostar: I feel strongly that the best way to preserve institutional integrity is to have a diversity of sources of funds (private funds, student funds, state funds, and federal funds) so that the institution does not have to become too dependent on one source. It can in that way maintain some institutional integrity and academic freedom. There is a real danger in maintaining academic freedom when we have dependence on any one source.

Dr. Johnstone was asked if he would comment upon the matter of consumer choice, and upon whether loans should be made available to students whose parents can afford to pay.

Johnstone: I feel quite strongly that we ought to have more consumer choice in higher education. This follows from my feelings that the most efficient use of the public-dollar--to secure both equal access and the amount and kind of higher education that society needs--means more charges to some students and, therefore, a greater need for loan programs and a greater need to perfect those loan programs. (Even if there are no changes made in the current system of financing higher education, we can still perfect that $1.5-billion in lending that we now have.) But yes, as a separate issue, I do think we ought to have more student-channeled subsidy, and that would also--probably--mean more loans.

Your second question, as to whether loans should be made available irrespective of parental income, is really a very, very tricky one. I can see various rationales for trying either to perpetuate or to slow down the emancipation of the young people in this country.

In Sweden they have made a very explicit policy decision: above the age of twenty parental income is irrelevant to need.

We can make that same kind of decision here, and I think we may have to face that question fairly soon. As we have more education, more continuing education, more dropping-out and dropping-in, there does come an age at which our students ought to be considered emancipated and their needs test ought to disregard parental income. I do not quite have the courage to state what that age ought to be, but I do think this is a question we have not faced and shall have to face. The disadvantage, of course, is that, if you move to a system of that nature, you are granting a kind of subsidy to upper- and middle-income parents who would formerly have had to contribute but now would not. For that reason, I am not yet prepared to advocate the elimination of the parental needs test.

Ostar: What you are suggesting has, indeed, been spelled out in some detail by Christopher Jencks, when he was working at the Institute for Policy Studies in Washington. The Institute and Jencks together proposed the contingent loan plan as a way of putting complete control in the hands of students, their feeling being that the present higher education establishment is so rigid that there can be no real reform otherwise. They feel there has to be a radical change in higher education, and the only way to bring that change about is to completely put the purchasing power in the hands of the students. In this way, students will go to those institutions that are responsive to what they want, just as in any other consumer-type activity. I have not seen that proposed recently, but certainly that has been one of the fundamental purposes behind the Educational Opportunity Bank as proposed by many of its proponents.

With regard to Mr. Ostar's earlier remarks, it was pointed out that he seemed to imply that the redefinition of mission that was forced upon many institutions by the current financial crisis was unhealthy. The conferee then went on to ask whether the type of institutional support he advocated would not contribute further to the "homogenization" of higher education which so many reports have recently criticized.

Ostar: In my attempt to be brief, I did not expand upon that point as much as I wanted to; however, I agree with you completely. I think this period of retrenchment does have some beneficial effects--it is requiring some institutions to re-examine their programs, to see what they are doing, and, indeed, to ask what their institutional mission is, what they are trying to do. So I agree, a period like this can be very helpful.

Our Association is very concerned about this homogenization. We have a national commission looking at what the new alternative models are for the state colleges and former teacher colleges, because the presently available models are to become

either like the large, comprehensive state universities or like the liberal arts colleges. We think there are other, alternative models to be examined here.

This period is accelerating this process, and I think that is all for the good. I do not want to leave the impression that we need to perpetuate what we are doing now.

Mr. Ostar was also asked to comment upon the differential per student costs between the public and private sectors.

Ostar: The latest Kerr [Carnegie Commission] report, which was just printed in its entirety in The Chronicle of Higher Education, does indicate some basic differentials in the expenditures per student between public and private institutions. I think, perhaps, the present financial crunch will cause both sectors to re-examine what they are doing.

Some data I have seen--state data, not national--indicate that in the state colleges, the student-faculty ratio is around 20:1, while in the private four-year colleges, it is about 10:1. There is, then, a cost differential there, and it may be that one possible way of dealing with the problems of private institutions is to increase the student-faculty ratio. This has been proposed by the Academy for Educational Development.

The data does, however, support the thesis that expenditures per student are greater in private institutions than in the public, and, of course, this is something that needs to be taken into consideration when states make decisions about the allocation of public funds to private institutions.

In light of his remarks concerning the freedom to go and the freedom to choose where to go, Dr. Boyd was asked to comment on why something like the GI Bill, subject to the student's ability, would not be the fairest method of support.

Boyd: Whenever the student has available to him the same amount of money to go anywhere, the question to ask is: In making his choice, does he really end up with the kind of educational product that he wanted; or, does he build into his decisions economic ones, to make the most of what he has since it is equal anywhere?

That, of course, is one basic difference between federal thinking over the years, where it makes no difference what the choice is, the benefits are the same, and most state programs, which have tried to design an awards structure so that at least a choice could be made and the benefit that would be forth-coming would permit it to be made. There is something operating here which makes it important to complement your efforts with federal efforts, because in the federal

efforts--whether the "entitlement" or the old GI Bill principle--the expense of the choice in mind does not necessarily affect the benefit received. Need in most state programs is relative to college choice; need in most federal programs is not relative to college choice--it is sort of an entitlement, whether you need it or not.

The final query asked Dr. Boyd, "What, if any, relationship should exist between the dollars that a Commission, such as yours, allocates to students in public versus students in private institutions? ...what, if any, relationship should exist between the dollars allocated to a Commission, such as yours, and the dollars allocated to the public institutions in general?"

Boyd: Very few states that have comprehensive programs follow a quota system in terms of how much must end up in public or private institutions. (There are, of course, a few states that have tuition equalization programs that are only for the non-public schools.) The ideal situation is that by establishing realistic deadlines and sufficient funding, the students' choices of schools determine the end result. With limited funding, however, the institutions have to be alert to the decision-making process--an area where, I have observed, most private institutions use more energy and imagination to be sure there are more opportunities known to them than do the public. Therefore, if you have limited funds, they will be the first at the door.

With regard to the second question...again I feel very strongly that, obviously, if tuitions are increasing, then your concern about the costs to the students at the public should be just as great as your concern for those who want to go to the private.

Tuition is a form of revenue to the public institutions, assuming students are making these payments: it is part of the total amount of dollars which the institution will have to operate with. I think, however, that one of the dilemmas we have in analyzing all the needs of public institutions is that there are a great number of institutionally-determined waivers of tuition. You might be amazed, in some states, at the thousands of students who are not affected by any tuition level or any amount of aid, because they get waivers for some reason. They do not apply for aid because they do not need it. If you want to get at the real problem of how much financial support they need, no matter how much you increase tuition, you have to identify the hundreds of students who might be going to those schools but not paying.

You cannot operate in a vacuum between what you are going to charge for tuition, general support, and student exemptions--they are all interrelated. What the magic relationship between them is, I cannot say. But you owe it to your public institutions not to ignore the fact that tuition

increases have an impact on student aid--they definitely do. If you are making a one-to-one trade off, you are right back where you started in terms of total resources needed. The theory being discussed by many is: Do you believe the student who can afford it should pay higher tuition so that you end up with more net dollars collected than you are going to put out in student aid? However, you have to carefully examine the number of students not paying any tuition, and that can be a big problem in many states because of a variety of laws as to who shall pay and who shall not pay.

OPEN FORUM: THE NEW (1971) FEDERAL HIGHER EDUCATION ACT

Preston Valien
Associate Commissioner for
Higher Education
U.S. Office of Education
Washington, D.C.

I am very pleased to be here this evening to meet with you and to see my good friend Doug Ferguson and those other friends who are in the audience. What I want to do tonight is to give you a broad perspective of what we in the Office of Education see in terms of future federal support of higher education. Then Eino Johnson will give you a quick review of the higher education bill which is now before Congress. That bill is so comprehensive that I think we could spend the rest of the night simply reading off its provisions. In fact, someone has remarked that if these provisions were to be read off, and even if debate were to be limited to 5 minutes on each ammendment, the Congress would still be in session for months. It is, you can see, quite a comprehensive bill.

Let me give you a little background on what the Office of Education has been up to, in a sense, in its legislative program. Currently before the U.S. Congress, as you know, are both the House of Representatives bill, passed by the House on November 5, and the Senate bill, passed by the Senate on August 6. These bills are quite different in some major respects and neither one is what might be called the Administration bill. The Administration bill was actually developed in the Office of Education of the Department of Health, Education and Welfare, and it was never actually considered by the Congress. However, both bills contain some features which we in the Office of Education had advocated in our legislative proposal and, I presume it is fair to say, the bill sponsored by Senator Pell, who will be speaking to you tomorrow, probably comes closer to the basic outline of what we had in mind.

We faced several basic questions in developing our basic proposal and I would like to put them before you. First we asked the question: What kind of higher education does our society require? When you look at that and consider that what we are really talking about is what we now call post-secondary education, that becomes a pretty broad question. A second question we raised was: How much education should be made available at the public's expense? That question, of course, has to do with the extent to which a student and his or her family should bear the cost of education, the extent to which the private sector should furnish education, and so on.

A third question we asked was: To what extent should our postsecondary educational institutions serve more than the young? That is a very serious question and one which, as you know, is getting a great deal of attention at the moment. Then there was the fourth major question: When in an individual's life can he or she profit most from the benefits which postsecondary education will bring? Those are some, but not all, of the basic questions we asked. They should give you an idea, though, of the range that we considered.

Then, of course, we had one general principle of assistance that we looked at: the role that the federal government plays in the support of higher education. We felt that the federal government is a junior partner, so to speak, in the support of higher education and that, as a junior partner, it has only a certain amount of leverage that it can use. We felt that this leverage should be used in a special way--and that, of course, is one that we talked a great deal about--that is, the unique responsibility of the federal government, as we see it, to utilize its resources to equalize the opportunity for all Americans (regardless of income,status, or race) to receive a postsecondary education. Thus, we attempted in our developments to focus on a widening of the accessability of postsecondary education for the disadvantaged--usually meaning the economically disadvantaged, but also to some extent the socially and culturally disadvantaged.

We also adopted the principle that the federal government should support and encourage diversity in higher education. Therefore, we have always--even to the extent of defending ourselves in court, as many of you probably know--supported higher education equal-handedly, in a sense, between the public and private sectors, and even between the state and church-related sectors. Unfortunately, we are not extending as far as we intend to go beyond the regular college situation into postsecondary vocational-technical or career education. Up until now, however, we have made no distinction--and we have been rather fortunate in not being too seriously challenged in this regard--between private and public education, or even between public and church-related education. The only distinction we have made, of course, is that under the law we shall not support any institution or any program designed to train people for a purely religious cause. But beyond that, we have made no distinction and, as I indicated previously, we have to defend ourselves in court on this issue in one instance.

In that case, the plantiffs were suing the Office of Education and the Commissioner because we had administered the law they were suing against--the Higher Education Facilities Act of 1963. They were willing to stipulate that we had administered that law with scrupulous fidelity and that we had done nothing under that law to directly support a religious education. Their suit was based on the contention that by giving money to Catholic colleges (even on a matching-grant basis)

to build science, laboratory, and library buildings, we had thereby freed up other money which those colleges could apply to religious activity. But that indirect approach, of course, was not condemned by the court, which held that we were justified in supporting institutions in the manner in which we had done, i.e. without directly supporting their religious-related activities. The court did say, however--and this is a bitter source of amusement for some of my colleagues in the Office of Education--that one stipulation in the law was unconstitutional: that a building which has been assisted with federal funds may, after twenty years, be used for whatever purposes the institution chooses. The court said that a building could never be used, in its entire history, for any religious activities once it had been assisted by federal funds. My colleagues said: Well, what about the ground under the buildings? Does that mean we are in this business for eternity, in administering this law, because we will always have to monitor whether or not the grounds are being used for religious purposes? That, then, is how we approached that question.

We have also taken the position that the federal government should attempt to improve the quality of our institutions and have developed programs and procedures to move in this direction.

Preston Valien

The legislation which is now before the Congress has some very major differences in it, but one of the most important differences has nothing to do with higher education *per se*. The emergency school assistance program, the desegregation provisions, and the anti-busing amendment, which apply to elementary-secondary education, were attached to the legislation that came from the House of Representatives. The Senate passed a separate bill entirely on the desegregation issue and one which was quite different from the legislation passed by the House. In order to go to joint conference with the same type of bill the House was backing, the Senate had to return its higher education bill, which had been passed before the House version, to committee and attach its desegregation bill to it. In going back and doing that, however, the Committee refused to add the anti-busing amendment.

These two bills are almost ready to be brought to what is called Conference, but they are so controversial and so different that Congress felt they could never adjourn in time

for Christmas if they got involved with them at this time. They postponed consideration of these bills until after the Christmas break, therefore. Then the Senate will have to bring its bill back to the floor of the Senate in order to get it voted on because of the desegregation amendment. Senator Mansfield feels that debate will be limited, but what that means in terms of time I cannot say. At any rate, we are hopeful they will be ready to take both bills to Congress by February.

When they do, of course, they will find a wide range of significant differences between the two bills. I just want to point out one very significant difference between them because it goes to the heart of one of our philosophies in the Office of Education. In our legislation we had developed what we called an "entitlement" concept--every student was *entitled* to a basic amount for his postsecondary education. From that entitlement would be subtracted whatever we felt, after making a need analysis as directed by the Secretary of HEW, the family could contribute. If the family was not felt to be able to contribute anything, the student would get the whole entitlement. If the family could contribute as much as the entitlement or more, the student would get nothing. The student could be told before finishing secondary school--perhaps even a couple of years before--that he could look forward to a postsecondary education with a basic amount of support based chiefly upon his family income. That concept is not in the House Bill, but it is the concept which the Senate followed. That is, I think, one of the major issues which will come up.

There are other major differences between these bills, but how these will be resolved we really do not know yet. At the present time, therefore, I can only say that we do not know what the final higher education legislation that will come out of Congress will look like. There are, of course, some similarities between the two bills, and we expect those provisions to be retained.

I will now let Eino Johnson go through some of the specific details of these legislative proposals and then we will respond to any questions you may have.

Thank you very much.

Following Dr. Valien's remarks, Dr. Eino Johnson, Director, Higher Education, Region I, USOE, reviewed many of the specific differences between the House, the Senate, and the Administration versions of the proposed 1971 Higher Education Act. He also described the ways in which these various bills would differ from existing or prior legislation.

After both speakers had made their formal remarks, the session was adjourned in order to give conference participants the opportunity to present their questions in a more informal and direct manner.

Eino Johnson

TOWARD STATE AND REGIONAL PLANNING--IMPERATIVE TRENDS

Lyman A. Glenny
Associate Director, Center for Research and Development in Higher Education, University of California - Berkeley

It is a real pleasure to have this opportunity to visit New England again. I have just come from a somewhat smaller meeting with legislators and coordinating board staff from the Western states, sponsored by the Western Interstate Commission for Higher Education and dealing with essentially the same issues being discussed here. The Western states have slightly different concerns that those in New England because they have fewer private institutions and are, for the most part, much larger than those in the New England area. They do, however, have about the same number of public institutions, and those legislators are just as concerned and ask the same kinds of questions that I heard being asked when I arrived here late yesterday afternoon. I think that what I have to say, however, will be disturbing to quite a few of you, and I am indifferent about whether it is disturbing to the public institutions or to the private.

We are all aware of the traumatic reassessment colleges and universities are currently undergoing. I would not be here and neither would you if this were not so. We, as concerned educators, policy makers, and citizens, are somewhat confused as to how the social scene should be read. We see the future even a few years away but dimly and blind spots proliferate rather than diminish. We educators appear as uncertain about where trends are leading us as we are about the goals of college education or the kinds of programs required for a society committed to change for its own sake and to the use of new technology because "it is there", as the mountain climbers say.

Despite past failings of most clairvoyants, those writing for the professional journals and the popular press are full of panaceas and simple solutions to the problems and issues, whatever they may be. "Get the professors back in the classroom," pleads the public. "Get the professors... especially the radicals," demand the conservatives. "Get the professors in control of decision making," say the professors. "Just give us law and order," plead the trustees. "Just get us more money," pray the administrators.

Oddly enough, not even the combination of all such solutions would really meet the basic needs arising from current trends. I am afraid that some of these trends developing in higher education have not been fully taken into consideration by the institutional people or by the state people. I want to talk, therefore, about a series of trends which, when put together, have great significance for what is and is not being done in relation to the funding and the development of higher education in any state at the present time.

What are these social, political and economic trends? What import do they have for those who plan for higher education? What are the consequences of pursuing certain courses of action as against others into an uncertain future? What attitudes and stances should we adopt?

Once the facts are known, I think few of you will question the first of the several major trends I shall mention. This one relates to the size of the college age population. We know that the young people who may attend college from now until about 1990 are already alive. We also know that the birthrate is now at the lowest point in the nation's history. What proportion of young people will actually attend a college or university is less certain and what numbers will attend particular colleges or universities is quite uncertain. However, enrollments as a whole are not likely to increase after 1977 or 1978, and for ten or more years thereafter they will diminish. That is moving the timetable up a good deal from other projections and I will tell you why. Allan Cartter, the Chancellor of New York University, stated in a recent paper, "Few people realize that the under five population in 1969 was 12 percent below its 1965 level; when that age group arrives in college about 1980 it...will be able to pick and choose among hundreds of institutions suffering from an acute excess capacity." I think he is understating the problem. For all save a few exceptional institutions--and this is my language now not his--the great age of expansion is almost over. The private colleges have already reached this point. Following within the next year or two will be the large universities. For the most distinquished universities, graduate enrollments have passed optimum size and undergraduate enrollments are already static in many of them. The state college-emerging university type institution and the community colleges will be the last to stop growing in enrollment.

Within each category of institution, exceptions to the general enrollment trends will occur, but the exceptions will be much rarer than most faculty members or administrators are willing to believe or, indeed, are willing to face up to. The cost of attending, the location, and the program offered will make the big difference. Regardless of the content of the long-range plans or their faithful execution, the internal college constituencies can affect only the program content, structure,

and means of delivery and, as we shall see in a moment, they will not have even that much control over programs in the future. The other two elements (location and costs) may be largely if not fully under the control of external agencies and forces. But make no mistake, enrollments will soon level off. For example, in South Dakota, a state with a relatively small population, enrollments were down 2 percent across the state this year despite an increase in the college age population. It was the reduced college-going rate which accounted for the drop in enrollment. In Illinois this fall, the total enrollment in the senior level institutions of the state dropped 1 percent and in the largest institutions over 5 percent. Total enrollment at the University of California's nine campuses did not change, although an increase of 4,000 had been predicted. The New York Times reported yesterday that the enrollments in the public institutions had gone up about 3 percent in senior level institutions and in the private institutions had gone down a little over 1 percent. Thus, adjusting to slow growth or no growth is and will be the order of the day. We have had little — I can almost say no — such experience in the past 25 years, but as the Chancellor of the Florida system recently remarked," In a sense we must run as hard as we can to stay where we are." In all your discussions about switching students from one type of institution to another, you must consider that there are not going to be increased enrollments to switch from one to the other.

The second trend may seem less fair to some of you, and it will be even more denigrating to the theme of this conference than what I have already said. But I am quite sure that with the exception of a handful of states (and maybe some of these are in New England), the proportion of the state budget going to higher education will be no greater in 1980 than in the next year or two - whether we have boom times or bad times, whether we have Republicans or Democrats in office. Some states are already at this funding plateau. Others will quickly reach it. If funds increase at all, it will result from a larger state income, not from a larger percentage of the state revenue. In the 1960's, enrollment doubled, as you know, and budgets for higher education more than tripled. The amount of the Gross National Product going to higher education increased from 1 percent to 2 percent. The Carnegie Commission estimates a need for about 3 percent of the GNP by 1980 if the quality and quantity of education is to be maintained. In the 1970's, the increase in the number of students is projected to be about the same as in the 1960's by the Carnegie Commission. It isn't going to happen that way, and the proportion of the GNP will not keep pace either-- we are not going to get 3 percent of the GNP. Peter Drucker has observed that the economy has no previous history of expanding at a rate great enough to provide the capital investment which will be necessary to furnish work opportunities for all of the college graduates of the 1970's. It follows that

however "bullish" the economy, there will be insufficient funds to expand the budgets of higher education at previous rates. Thus, slow growth in state general revenue funding over the long haul is an optimistic prediction.

This disturbing assumption, that higher education will not get a larger proportion of state income, is supported by two other trends. One is transitory. It is the current disillusionment of the public and the politicians with higher education, especially with the universities. But my research this past summer in eight key states tells me that the disaffection which permeates attitudes and appropriations is likely to be short-lived. Even so, by the time grace and confidence is regained, the politicians will be well aware of the leveling off of enrollments in all institutions. Given this awareness, support by the states is not likely to increase greatly, and then only in specifically planned areas of expansion.

The other trend which forces the projection of less of an increase in the funding growth of higher education is the establishment of a new set of social priorities in which higher education drops from the top of the "top ten" to a much lower position, probably not even in the top ten. Health care, the common schools, and the environment and recreation, among others, are surfacing as high priority concerns in the legislatures of nearly every state. Unless some national catastrophe befalls us for which higher education is believed to be the principal salvation - another Sputnik - the colleges and universities will not regain their favored position of the 1960's - at least not during the next 20 years.

The so-called "plight of the private colleges" is indeed very real for most of the small, rural, denominational institutions. If one could believe the presidents who reported their conditions in The New York Times yesterday, the large institutions think they are in trouble too. Although we have some recent reports that the problem of some of the private institutions appears to be one of over-expenditure rather than lack of income, the condition of private education will increasingly affect the funding level of the public systems. In more than half the states it does already, and Joe Boyd mentioned yesterday some of the reasons why. The urgings of the private segment for state financial aid is gaining ground - not nearly enough to save some of them financially, but sufficient to reduce the direct level of funding for the public institutions. State scholarship, grant, and loan programs as well as direct grants to private institutions are all funded from that same single total amount for higher education in the state budget. If new activities and additional institutions are to be funded, it will be out of that same slice of the pie that has already been cut. The proportion of the state budget for higher education, no matter who or what is included, will remain about the same.

A corollary to this trend is the one which makes private institutions public ones. Some private universities have been taken over fully by state systems. As financial conditions deteriorate, others will sacrifice their private status for complete public control and funding. But short of this, those private institutions which receive any substantial part of their funds from the state will be increasingly subjected to the master planning, program control, and management constraints of the state to the same extent as the public institutions. "Pride goeth before the fall," Hawthorne reminded us long ago in The Scarlet Letter, and if Hester was weak and gave in for passion, the private colleges will do it for money - as do the public ones already.

Almost inevitable over time because of financial conditions, arises the major trend toward forcing the student to pay more and more of the total costs of his or her education. With the state revenue share leveling off, even the public colleges and universities are reluctantly raising their tuitions. This trend will continue. The many plans being put forward for obtaining full-cost from the student are gaining support. While the Ohio Plan seems dead for the moment, the idea of a student either paying full-cost as he attends or paying back the full-cost of his education out of future income is taking hold. However unfortunate this appears to some of us, it may be the principal means by which both public and private institutions can raise their level of support. In many states, however, even this device will not increase the support level of the public institutions because legislators will use income from students as an offset against the state contribution. Most states already appropriate such income, but in the future it may become the means for reducing the size of the state slice rather than maintaining it as in the recent past. I am able to say these things because my research carries me to many of the budget offices of the states, many of the legislators who run appropriation and education committees, and legislative analysts' and Governors' offices.

Now many of us quickly read this trend of allowing the student to pay the cost as denying equal opportunity and equal access to the low-income family - white as well as minority groups. The financial barriers to college entry are known to be less a constraint than motivation or proximity to an institution, but that particular knowledge is based on the past, when tuitions were low or nonexistent. If the trend continues toward the student paying a higher proportion of the costs, as seems destined, in the short run the means for aiding the low-income student to attend do not appear likely to keep pace. Extraordinary effort on the part of the institutions and the states will be required, including a reallocation of existing resources in order to provide such aid.

In the longer run, five years or so, this problem may be largely solved through the social commitment to build up the level of federal grants-in-aid for such students. More likely to cause this effect are two other recent happenings: the reluctance of Congress to give money directly to institutions and interpretations given certain decisions of the Supreme Court dealing with institutional grants to colleges and to parochial schools. Both events point toward awarding money to students who will in turn take it to an institution which will accept them. The existing practice of the federal government to augment tuition grants to doctoral students with a "cost of education supplement" to the institution which the student attends - and we have already been in this type of business for quite some time - is likely to be the way that the federal government will try to aid institutions at the undergraduate level. Part of your discussion yesterday afternoon was on this very point and I think that Dr. Boyd was correct in his assumptions. The Pell Bill in the Senate already does this, and, despite the recent House vote on the Green Bill, there is much sentiment in the House for that same amendment.

If the federal government chooses using this means for providing large-scale financing for higher education, it seems unlikely that all students, rich and poor, will be awarded grants. Far more probable under either Republican or Democratic administrations is the likelihood of adopting a program similar to that of President Nixon's which seeks to provide the most funds and loans to those students from the lowest income families. Should national priorities continue in this direction, those institutions desiring federal funding must first attract the low-income students who carry the federal grants--and that certainly bothers a lot of you.

The promise of federal aid in substantial amounts to promote higher education (rather than research) has been advanced for 15 or 20 years. Such money in anything like the sums desired or anticipated will probably not materialize - not in time to save all the private colleges nor in an amount sufficient to continue the "add-on" method of conducting public college business. The federal government may not be under the same revenue generating constraints as the states, but the new social problems also turn the federal priorities away from higher education. At the moment, federal institutional aid in large amounts seems a remote possibility. The White House opposes it and so does the Senate. To rely on federal aid except for that which could come through the low-income student is to lean on a weak reed, in spite of what Dr. Hartman said yesterday. Savings from ending the war in Vietnam are already discounted and defense costs will continue to rise, inflation is not fully controlled, and other priorities assert themselves - and besides all this, the state and federal government seem unforgiving about the colleges and universities

turning out more doctorates and teachers for society than can be easily absorbed. The politician asks, why spend hard dollars (a federal euphemism for what universities call "soft money") on a profligate and prolific institution when what the world needs is better health, better public schools, a better environment, and more recreation.

Still another major trend has been largely ignored by the higher education community: the increasing tendency for those who want training in a great variety of skills to attend the proprietary and industrial schools, rather than any college or university - including the community college. The rate of increase in enrollment in these so-called "peripheral" institutions (we have already downgraded them) has been much greater than in higher education even though the tuition costs in these institutions are very high. During the 1960's, the enrollments in these other institutions more than tripled while those of the higher education institutions merely doubled. The Educational Policy Research Center at Syracuse reports that the sheer number of people involved in peripheral education exceeds the number in all colleges and universities. Thus, we see a trend for the older student to pay - and pay rather dearly - for exactly the type and kind of education which he wants, regardless of what more traditional colleges and universities may offer and regardless of the price.

The new interests are in job and career opportunities, as Dr. Boyd suggested yesterday afternoon, and away from liberal education which historically, at least, has described so much of what is offered by the college or university. The slow-down in enrollments by type of institution is directly correlated with the amount of emphasis which an institution places on liberal arts work. The fact that life may be less satisfying or less humane for people who fail to obtain a liberal education concerns all of us who have been trained in liberal arts. On the other hand, we as a nation have been through similar periods in the past. From the 1830's to the 1850's, college enrollment dropped in spite of a swelling population. The colleges were just not considered to be relevant. The Latin and Greek classical education of that day seemed less than pertinent to the great Westward movement. Reform of institutions slowly changed them to roughly what the liberal arts college stands for today. The 1860's brought a real revolution in traditional university education - but it called for many new institutions, namely the land-grant agricultural and mechanic arts colleges. During the 1890's and early in this century, we developed the research university from the German model. Some old institutions reformed and adapted, but again many new ones were formed. Today's trend mirrors these historical changes. We drift further away from liberal education (and we have been doing it for fifteen years), with those institutions most committed to it in the most financial trouble and the first to lose enrollment. The shift is definitely toward the

new types of institutions-- the community college--and on toward the proprietary training school and technical institute--in other words, occupational training. Some of the older and less relevant colleges will no doubt cease operations as they always have in the past.

The university and the complex college, especially those offering graduate degrees, are already finding that they too are considered less important than ten years ago. The colleges have been geared to turn out vast numbers of teachers for a diminishing elementary and secondary school population. The university is even worse off than the college. Allan Cartter reports that there will be about 25 percent fewer graduate degrees produced in 1986 than 1979. Even so, only about one-third of the doctorates will be employed in jobs which we would now consider to be commensurate with their level of training. It would already appear from some of this fall's enrollment figures that the students are assessing the relevance of some collegiate education, its high cost in lost income and tuition, and also the job market - and many are turning away from the college and the university toward another type of institution, are dropping out to resume their education at a later time, or are resuming their education by non-traditional means.

These new means, the external degree, the university without walls, the work-study program, the new emphasis on part-time enrollment, the cassette and closed circuit TV, along with a host of other non-traditional means, will have a profound influence on what is and is not done within the walls of the existing institution. (If that does not come home to existing institutions, they deserve to pass into history.) Increasingly too, we will consider the college degree less and less as certification for particular competencies. Indeed, we are already doing so. External agencies may do much more certifying than in the past, and in addition to degrees--or even without them--the postsecondary institutions may be certifying particular skills or knowledge packages in various configurations. The degree itself may come to mean little as a person acquires a series of lesser certificates which indicate his or her specific capability to conduct certain kinds of occupational tasks. (The Center for Research and Development in Higher Education at Berkeley is looking into this in a large scale research program. We are also going to be looking at most of the non-traditional education fields in depth during the next few years.)

The last trend which I will mention may turn out to be as important for some states as any I have mentioned so far. This trend relates to unionization and collective bargaining by faculty members. It could have substantial influence on the autonomy of the institution and on the rational development of postsecondary education.

At the moment, some governing boards are reasserting powers which only recently were delegated to administrators and faculty. Professors continue to demand more control over policy and, as we all know, students also demand a "piece of the action". One can hardly keep track of the changing power relationships among these constituencies in the institutions. Yet the future is likely to make the shares of power and the roles of each group much clearer--primarily because of unionism and collective bargaining. Contracts will not only reassure a threatened faculty about their possible loss of tenure (seniority takes over then), but will cover all kinds of working conditions, teaching loads, advising, independent study, and even the curriculum and hours taught for classes. The trade unions have shown us time and again that once bargaining starts, regardless of rules and laws to the contrary, anything and everything is negotiable. The new power relationships will be contractual. Since the public institutional leaders and their governing boards cannot bind the state to the financial conditions contained in the bargain, the negotiations and agreements will tend to be between the unions internally and the negotiating experts at the state level. Powers eventually left for the president and his staff could be almost purely ministerial in carrying out the contract provisions. (A lot of you presidents seem to think that you are already only ministers without any power, but wait!) The overall trends resulting from unionism will be conserving ones. Faculty will protect themselves, more rigidities will confront both administrators and faculty members, due process provisions of many kinds will be carefully followed. Greatly impaired will be the change, flexibility, and adaptability which all of the trends previously mentioned will demand of an institution successfully responding to the imperative needs of the 1970's and 80's.

All of the trends I have mentioned point directly to increasing reliance on greater centralization of planning with the major chore resting squarely on state level policy planners and on the regional organizations which may aid in optimizing state resources. For planning purposes, the states increasingly rely on a state coordinating board, and to a lesser degree on the single state governing board, for the public colleges and universities.

Initially established to review budgets and to prevent duplication of expensive or esoteric programs, the state coordinating board soon began to be looked upon as the principal means by which some order could be applied to institutional development. The need for coordination in the 1960's was simple enough. Teachers colleges became state colleges and then universities, trying to compete in program offerings and degree levels with the leading state university. The university in turn became more and more research and graduate school oriented with the attendent high costs. Branch campuses and community colleges proliferated--competition among institutions

for state dollars forced legislators and governors to seek some means of settling disputes about resource allocations.

The newest laws usually give the boards power to review and make recommendations on budgets - both capital and operating; to approve or disapprove every new degree program, major, department, or center on all public campuses in the state; and, to provide master planning for the further development and control of higher education. These boards may also set tuition levels, construction standards, admission standards, enrollment ceilings, and engage in other activities. Virtually all boards are given new powers in each legislative session as the states see additional problems arising. Those powers will continue to increase as the consequences of the trends I have described become apparent to the policy makers.

Overall, the constraints applied by the coordinating board to the institutions can be considerable, and they will be even more severe in the future as boards deal more and more with all of postsecondary education, including the proprietary institutions, with universities without walls, and with the private colleges and universities. All educational resources will increasingly come under the state boards' surveillance. With level funding, level and then diminishing enrollments (and they are going to diminish, they are not going to stay the same), and state aid for private colleges, the state planning boards will determine the future size and programs for practically all institutions.

Having said this, let me also read in one important caveat as to which agency will do the planning: If the state board fails to achieve all of the objectives which the state government thinks desirable, then the state budget office of the governor will do the principal coordinating. Experience also indicates that as the governor's office becomes far more powerful than the legislature (which it does in most states), the latter branch of government sets up its own budget review agency and review procedures. Thus, in some states today a college may have as many as three full budget reviews by technical staffs before the legislative committees hold their first hearings - and there may be as many as four hearings. Greater state intervention and less institutional autonomy is a trend which will accelerate, despite recommendations for decentralization in the recent Newman Report and despite the recommendations of the Carnegie Commission--as imperative as decentralization could be.

I have now mentioned a good many trends, all of which have many consequences for institutions confronting the near future and the distant future. Many equally important trends have not been mentioned: those in relation to students, their values and their life styles; the faculty, their changing characteristics and their average youth (which means increased cost as they get older, regardless of increased enrollments);

and, the possible effects which giving the vote to the 18-year olds could have on all the current trends.

What will be needed as in any time of financial constraint - and this is going to continue for twenty years or more - is far more planning than in the recent past in order to utilize at optimal effectiveness those resources which are available. This responsibility will continue to fall primarily on state government and on the institutions. Both must also be far more receptive to change and more open and accomodating to new societal needs than they are now. Postsecondary education along with the society as a whole is in transition, with many old values, aspirations, and standards obsolete or completely irrelevant for an age which as yet we little understand, but one which promises to overwhelm us unless we more readily than in the past adapt our institutions and processes to creative endeavors rather than sheer maintenance functions. Hopefully, the exercise of that creativity and our personal responses could carry us to new high levels of humaneness and morality.

Thank you very much.

The question and answer period gave Dr. Glenny an opportunity to elaborate on the implications and the seriousness of some of these trends. The first question, for example, was directed to the kinds of social and technological changes that Alvin Toffler describes in Future Shock, and the resulting need to retrain people perhaps 4 or 5 times. Dr. Glenny commented that:

The wave of the future seems to look something like this as far as the education of the individual is concerned. (I am not saying that everyone will be educated this way, because a good many of the colleges and universities will continue in their traditional way and will have students in them. But they will not constitute the same proportion of institutions.) A good many of the students who are opting out today are the brightest students that we have, and our research at the Center indicates they are also the most creative students. If you have high creativity, you do not get a college degree--and you have not in the last ten years. They are the almost certain drop-outs. Students increasingly look at education as an in-and-out process; that is one of the reasons we have this trend toward vocational-technical education. They say: "Well, I need a job." They get 6-8 weeks of training, or maybe a semester or two of college, and then get a job with that kind of training. In the meantime, if they want to get a liberal education, they pick that up along the way from a variety of sources--and they can do that these days.

Whether they discipline themselves enough to become liberally educated is another matter, but we have not evaluated the difference yet between a "disciplined" education and a person simply wanting an education; it may turn out that young people will be far better educated than we have been able to do in the past.

If we move on and look at the world rather than our own country...the same thing is happening in other countries. The Japanese universities are in the same condition as the American ones in many ways, and so are those in Europe. They, too, are asking themselves the same questions we ask ourselves. The problems are fairly universal, and that must tell us something about the changing values of the young people--and that this is not a transitory thing, it is a permanent thing. And that in turn must tell us something about what to do with our institutions of higher education, how to change them and adapt them.

Another participant asked, "Did I deduce correctly that you would not agree with the statements in the Newman Report about the trend toward homogeniety, because much of what you said, it seemed to me, was conducive to differentiation among institutions?" His response:

I have long been one of the persons who said that *all* institutions tend to be alike, and that is certainly true when you are talking about higher educational institutions. I certainly agree with Frank Newman on this, that institutions of higher education (particularly the four-year ones) emulate the most prestigious ones in the country in every possible way. States that have limited resources--as many of the New England states have--try to build their public institutions in the image of the Michigan's and Berkeley's and Harvard's and Yale's, and that is impossible. You are not going to get the resources; you are knocking your head up against a stone wall; and, it is not going to be done.

On the other hand, while we have been in our higher educational cocoon, kind of looking at ourselves and arguing with each other about how we are going to distribute the resources among ourselves, the students have been going to other kinds of institutions and leaving us all behind. That is exactly what they are doing--and the brightest ones are copping-out altogether. Now what should that tell us about our higher educational institutions? It certainly means we should not be supporting them.

I think everybody yesterday was in agreement that grants to institutions directly--to only conserve what is there--is the wrong way to go. In the history of the Ford Foundation, in giving grants to institutions over a long period of time with the idea it was going to change them... they said they could see absolutely no perceptable change for all the

millions of dollars they had given to the institutions. It just went down the same holes that it had always gone down in the past.

What we are facing is a matter of radical adaptation--and when I say radical, I mean radical, and not tinkering. I am talking about changes in the mission and goals of your institution. Then, you may have an opportunity to survive.

The question was raised,"...legislative interest in the reorganization of higher education--what are its origins?"

Its origins are in confernces like this, I think. Or very nearly that.

One of the very discouraging things that is reported in the Newman Report, and which many of us knew for a very long time but never made a great many statements about in public, is the seeming inability of any institution--not just in higher education, but other social institutions as well--to assess the world around them and really make changes to adapt quickly to these outside trends. Hence, most of the sociologists today, almost without exception, agree that: if social institutions change, it is because of outside pressure and force.

Now, that outside pressure and force can be brought on in a variety of ways. In the public institutions, it can be brought on directly by the legislature and the governor. Since most legislators feel they are kind of helpless, not knowing what to do or how to deal with the institutions--and I must agree that they have a problem there--they just cut the budgets and force change. That is really all they can do unless there is a clear set of goals for the institutions which they support. The same thing applies to the private institutions, they do not tend to change unless there are some outside forces or constraints placed upon them. They all just change a little here and there--tinkering as I call it.

Legislators are faced with all of these emergings, high priority concerns at the same time that higher education looks as if it plays a smaller role in the society than was once thought--and we do not really know if it does or not... But, nevertheless, the pressure is on the public politician to do something about education and higher education, and so the pressures are probably going to come from the states, and some from the federal government. I think the idea, at least, of the National Foundation for Higher Education was one of bringing some kind of pressure (bribery in this case) to bear upon the institutions to change.

The pressure will come from the outside unless you do it from the inside. Or, you can just face the facts of life--

your institution is just not going to survive!

Another participant asked Dr. Glenny if, in light of the "underdeveloped" state of public higher education in New England, "We aren't in more of a growth stage than the national picture might suggest?"

I did mention there were states that could be or would be exceptions to the generalizations that I made. I also indicated that there would only be a few of them.

We all know that some states that drag their heels, that are not in the forefront of most social change, sometimes hit it lucky; it has been true in health and welfare, it is probably also true in higher education. That is, at some point or other, somebody comes along and gives them a lot of money to do what the other states are already doing. That is what the federal government has done in most of these other areas, but I do not believe it is going to do it for higher education. It will have to be done by the states.

This can be done if the state is willing--and fairly quickly--to put additional resources into the educational establishment.... During the Golden Age of the Sixties, it was not very difficult. It is going to be much more difficult, in spite of the need in states like Massachusetts, to move in this direction today. What you find is that the states that have not moved into higher education have moved into other service areas and have already committed their money. They still spend as much, perhaps, for the total functions of the state, but it has not been allocated previously to higher education. In order to do so, therefore, you are going to have to break into the budget in such a way as to lessen the proportion for some other services, or else the state is going to need great new tax packages. Both of these alternatives are pretty hard to obtain. Large new tax packages are particularly hard to obtain today. And the resistance of other services to encrouchments by higher education could be pretty successful, particularly if they are health-related or elementary and secondary education.

I am not trying to be pessimistic about this, because I think some of the New England states could increase support. It is a matter of willingness, but it is also a matter of seeing what the money will be spent for. Unless the package you h[illegible]n the legislature really shows a major change in goal-setting or objectives that are clear, and that the money will be spent with the expectation that some change and some results will accrue, I do not think you will get it.

In response to the concern expressed by one participant that increased central control might further inhibit change in the institutions, Dr. Glenny stated:

You are reading into my idea of central planning and coordination more negative aspects than I would. I said that institutions themselves, because of internal problems (mostly faculty members), are unable to change; that the changes that will occur will have to come from outside; that change will probably come through the statewide planning that occurs now and that will occur in the future; and that legislators and governors will listen to statewide plans that do make radical changes, but they will not listen to the ones that are conserving.

I would place my faith and hope as much in the state central structures as I would in the institutions themselves.

The same participant then asked, "You indicated that block grants to institutions will not promote change. Do you hold any greater hope for giving what resources are available, what money is available, directly to the consumer? Will that produce greater change?"

It will produce greater changes, but I am not at all certain it will produce the appropriate changes. But it might.

What has happened in higher education, is that we have been too protective of ourselves. In all the legislation in Congress up until this last year, we have invariably held out for all the aid going to the institutions in categorical or some other form and/or to the student, but in an accredited higher education institution. And so the student says: "The hell with all that! I'm going to these other institutions and I'll pay my own way." And he does.

Finally, in response to a later question, Dr. Glenny summarized the entire question of public policy for the financing of higher education in this way:

You see, the problem that faces the legislatures today--and the one that has faced Congress all along, and the Congressmen have a feel for this even if we in higher education do not--is: So what if we give a lot of aid in block or institutional grants, or in whatever form at all, to preserve the existing institutions? How do we know that is good public policy? It is that very question that keeps them from doing so. They seemingly do not think it *is* good public policy, or they would have given us the money a long time ago.

They have a lot of questions in their minds--as well they should, considering what our record is and what is happening to us in terms of enrollments and in terms of where the students are going and what they are doing. Why should a federal--or any--government continue to fund, on a maintenance basis, institutions that are apparently in the midst of a trend away from them?

We have to keep asking ourselves these questions, looking at it from a broad perspective of the society as a whole. We always get caught up with our own goals and are committed to them, and consequently fail to see the total social picture.

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PANEL: PUBLIC RESPONSIBILITY FOR THE FINANCING OF PRIVATE HIGHER EDUCATION

H. Ward Bedford
State Senator
State of Vermont

When Alan Ferguson asked me if I would introduce this panel discussion today, he probably knew that I had a good many conflicts of interest. Maybe after listening to some of the speeches we have heard during the last day or two, some of the panelists have some conflicts of interest, too. Mine stem from the fact that I have had about 20 years of experience in private education, about 4 years in public education, and about 12 years on the Appropriations and Finance Committees in the Vermont Legislature trying to figure how we were going to support public and private education from the state treasury. You can see where and how my conflicts arise.

We have been hearing these past two days about the dual qualities of education--whether we have a student-oriented or a public-oriented system. Perhaps that duality will be highlighted today by the panel which we are about to hear, because one of our speakers comes from the private sector of higher education and another comes from the public sector. The third man will, I hope, be a sort of go-between and tell us something about how New York has been able to solve its problems of accomodation between both the public and private sectors. I am pretty sure that they are going to disagree on many aspects of the problem, and perhaps that is what makes for a wholesome and interesting discussion. One of the things that I presume they *will* agree on, however, is that they need more money. Having sat as I have on the legislative body which is suppose to allocate money for various projects within the state, I can assure them to begin with that, if other states are like ours, the taxpayers are saying: "No new taxes!"

I am sure these speakers will bring us some real pearls of wisdom and we are looking forward to hearing their different approaches.

H. Ward Bedford

PANEL: PUBLIC RESPONSIBILITY FOR THE FINANCING OF PRIVATE HIGHER EDUCATION

John R. Silber
President
Boston University

Destructive competition between public and private institutions is the most critical problem facing American higher education today. The title of our discussion -- Public Responsibility for the Financing of Private Higher Education -- would, in my view, be improved by a rephrasing perhaps to "An End to Public Parasitism in the Financing of Higher Education in the United States".

It has to be recognized at the start that various states have entirely different problems. In California, for example, 80 percent of higher education is public; the private sector provides only a negligible part of California's educational program and equals but does not surpass the standards of the public sector. The University of California at Berkeley and at Los Angeles have been both public and excellent from their inceptions.

In a state like Texas, once again, leadership in higher education has been essentially public, and the standards of excellence have been defined by one public institution. The University of Texas at Austin assumed the greatest responsibility in higher education within that state.

When we come to the New England states, however, the situation is different and varied. In Maine, the public sector has the heaviest role quantitatively and an increasingly important role qualitatively. But in Massachusetts (according to 1969 figures) we have almost the opposite extreme from California. In Massachusetts, 68 percent of all higher education is in the private sector, and only 32 percent is in the public sector. Further, in 1969, private institutions in Massachusetts granted 81 percent of all Master's degrees and 92 percent of all doctorates.

Both quantitatively and qualitatively, the heaviest burden of higher education in the Commonwealth of Massachusetts has been carried by the private colleges and universities at enormous savings to the taxpayers.

This situation must be recognized by the citizens of the Commonwealth and their representatives. Residents of the Commonwealth have not put a large part of their wealth or income

into higher education. Massachusetts ranks fifth in affluence among the states but forty-ninth in per capita expenditure on higher education. Only New Hampshire ranks below Massachusetts at fiftieth in the country. In contrast to Massachusetts, Mississippi is twenty-fifth in per capita spending on higher education, and even Alabama at forty-first spends substantially more than Massachusetts on a per capita basis.

On these figures alone, we might suppose that higher education in Massachusetts -- the forty-ninth ranking state -- would be just a little behind that in Alabama and significantly behind that in Mississippi. That, of course, is ridiculous. But it is ridiculous, not because of abundant public support to higher education in Massachusetts, but because the real burden of higher education in the Commonwealth has been and is being carried by private colleges and universities.

In 1969, 106,400 out of the 190,000 Commonwealth residents were in private colleges and universities -- that is, 56 percent of all Massachusetts residents in higher education in Massachusetts were registered in private colleges and universities. Thus, a majority of Massachusetts parents who send their children to college in Massachusetts pay twice -- first, through taxes supporting the public institutions, and second, through tuition to a private institution.

Massachusetts stands in desperate need of a sensible policy for financing higher education. What is the point of driving excellent private colleges and universities into bankruptcy in order to duplicate their facilities through the creation of brand new public facilities.

By creating public colleges and universities to enroll students who would otherwise be enrolled in the private sector, the Commonwealth reduces the number of Massachusetts students available for enrollment in private colleges and universities, thereby forcing them to "go national" in their recruitment policies. As recently as 1963, 74 percent of all Massachusetts residents in higher education were in private institutions, compared to 56 percent in 1969, and almost certainly a lower percentage today.

In Boston, it is relatively easy to recruit students nationally: such is the attraction of Boston. Boston University can engage in a self-conscious campaign to recruit students from outside the Commonwealth and outside the New England area. In the process, of course, we reduce the number of Massachusetts residents enrolled -- presently Massachusetts residents are approximately 28 percent of our enrollment, whereas in 1945 residents were 84 percent, and in 1960, 55 percent.

Boston University is improving the tourist trade of Boston through such a policy, and this is a remarkable asset for the City. But this policy also transfers to the public

sector the cost of educating literally thousands of Massachusetts residents that Boston University once educated. This transfer cannot be in the best interests of the taxpayers of Massachusetts.

In order to meet the educational needs of the Commonwealth residents who transferred from the private to the public sector, large building programs have been undertaken. If the funds for the construction of the University of Massachusetts in Boston -- a sum that will almost certainly exceed $500-million -- had been added to the endowment of Boston University, it could have provided for the education of thousands of Commonwealth residents at the same level of tuition now paid to the state system, but without any further burden upon the taxpayer in terms of the operating budget. This would have been a fantastic saving to the taxpayers of Massachusetts.

John R. Silber

What concessions would have to be made by Boston University to do this? A very definite concession would be to enroll the increased number of Massachusetts residents. Boston University has made clear for over ten years that it wants to continue enrolling Massachusetts residents; Boston University has moved gradually and with great reluctance toward increasing the number of non-residents in our student body.

In the discussion of the financing of higher education, far too much attention is paid to misleading numbers. We need truth about the cost of higher education just as we need truth in lending. The truth about the cost of higher education must include the capital outlay for new buildings, especially where it would have been possible to use existing buildings had cooperation with the private sector been sought.

Dartmouth, for example, has recently adopted a trimester calendar (fall, spring, and summer) in order to accommodate female students, and thereby increased its fall enrollment by 35 percent -- actually a 60 percent increase in annual enrollment. This opportunity is available to almost every private college and university in New England, and one that all of them would welcome as a means of providing increased opportunities to New England residents at virtually no capital cost to the taxpayer. The capital cost saving could be used to endow, on a continuous basis, the operating cost of educating the citizens accommodated. This singles out only one of any number of opportunities for cooperation that are available.

In the interest of the taxpayers, private and public institutions should cooperate in the development of a rational program of facilities to educate the residents of the New England states. The policy of deliberate duplication of existing facilities must stop. If the present policy of redundancy were replaced by a policy of complementarity, enormous savings would follow. But if we continue to duplicate in the public sector those programs in which the private sector excels, we shall increase substantially the cost of higher education and decrease its quality.

I am pleased that President Robert Wood of the University of Massachusetts has expressed his concern to avoid duplication, to develop a policy of creative and non-duplicative co-existence with the private sector. I hope he can implement his intentions, for many beneficial results could derive from this policy of dividing the field in ways that are less expensive to the taxpayer.

The taxpayer -- and this must be acknowledged by those in public education -- is misled by talk of a $200 tuition for his son or daughter at public institutions in Massachusetts. The cost of educating a student in that public institution is the $200 tuition plus taxes for operating and capital costs. It is possible that some of the scholarships, grants, or contract grants to be developed within Massachusetts and other New England states will provide monies to the private sector to assist in the education of in-state residents. But how are we to calculate the amount of money to be made available to the private sector?

No more serious problem faces the implementation of aid systems or a decent level of cooperation between public and private institutions than the need for a uniform system of accounting. If we are going to ask for public aid to higher education, we must be willing to adopt common rules and a common system of accounting so that the true costs of education are obvious. Any university can show a deficit if it includes in the basic cost of operation all aspects of its research programs, athletic programs, building programs, experimental programs, and by pointless extravagance. We must adopt uniform accounting procedures to produce credible figures on the true cost of a college education, a graduate education, and a professional education.

It is not possible to win the support of state legislatures, much less the United States Congress, in this effort when the wealthiest universities line up alongside the poorest with a statement that they will be bankrupt or that they face substantial deficits without state or federal aid. If the wealthiest and most prestigious universities in the United States are really concerned about higher education -- in the Commonwealth, New England, and the nation -- I think they ought to practice *noblesse oblige* by suggesting to the Congress and legislatures

that legislation be passed to support private higher education at the points of greatest urgency -- even if that support excludes the wealthiest of private institutions.

The same factors that give farm subsidies a bad name when given to wealthy farmers will give federal aid to higher education a bad name unless wealthy universities and colleges show some enlightened restraint. When the wealthiest universities in the nation lead the campaign for federal and state aid, they rob the cause of its urgency. It is time, I think, that the universities and colleges on the verge of bankruptcy recognize that they cannot engage in common cause with the wealthiest universities without paying a price in credibility for the cause itself.

If the private sector can band together and agree on common principles of accounting -- preferably in cooperation with public institutions -- then a common case can be made for federal and state support of private higher education, and a common case for how much that support should be and to which institutions it should go in the first instance. Only in this way can private institutions make credible to the taxpayer that this support is essential and less expensive than the present policy of redundancy and waste.

PANEL: PUBLIC RESPONSIBILITY FOR THE FINANCING OF HIGHER EDUCATION

Albert H. Berrian
Associate Commissioner for Higher Education
New York State Education Department

The problem of financing higher education has been complicated by an interrelated set of historical factors, including: the lack of clarity over the responsibility of the federal government in the financing of higher education; the lack of a joint federal-state-local approach to the working out of educational purposes; and, weaknesses, until recently, in the data base for making decisions about higher education financing. Added to this has been the complicating fact of rapid growth in the Gross National Product; in the cost of goods and services as a countervailing factor to the growth in the GNP; in the cost of construction; in the debt service cost; in the cost of services of every type and category; and in the cost of retirement benefits and medical and other fringe benefits. While there is more money available to spend each year, costs are rising faster than revenues. This has taken place to a point where there is a need for the reordering of priorities from the federal level downwards. As we all know, the financing of higher education--or education in general, for that matter--has never been a federal priority.

There is no question, may I hasten to add, as to where the guardianship of higher education ought to be lodged. The states have traditionally undertaken this responsibility and carried it out satisfactorily. State guardianship, however, should not preclude adequate federal financing. This is particularly so, since higher education, whether public or private, works in the public interest and increasingly reflects government purposes.

Policy leading to the expansion of higher education is being made more and more frequently at a federal level, and the social, economic, and educational benefits derived from such an expansion accrue to national interests. On the other

hand, increased costs resulting from expansionist policies are generally charged against state budgets where public higher education is concerned. In the wake of this, private institutions are sometimes over-expanding in an attempt to stay competitive.

It is now common knowledge that there simply are not enough funds available to keep up with the revenue increases needed to support higher education. At the state level, unless expenditures for other services are reduced, public higher education will go lacking. The private picture is already a bleak one, with three quarters of the private higher education institutions operating in the red. The irony of this, to return to the policy underlying expansion, is that a severe budget crisis is taking place at a time when *equality of higher education opportunity* has become a national password, and when approximately 62 percent of all high school graduates plan to attend college. The figure in New York City is closer to 75 percent, and only 10 percent of the remaining 25 percent confess to not having an interest in attending college. Clearly, financial support external to the state is necessary if public aspirations for a better education and a better life are to be met.

If the purposes to which higher education would be put had been more clearly defined fifteen years ago, better planning for higher education financing could have taken place. According to informed opinion in 1957, only half the number of persons presently enrolled in colleges and universities were expected, and at less than half the cost. The year 1957 marked a time when the Educational Policies Commission, a Commission of the National Education Association and the American Association of School Administrators, was in the midst of a study which was to be published under the title, Higher Education In a Decade of Decision. The total number of enrollees in higher education (full- and part-time) in 1957 was 3,068,417. The Educational Policies Commission, taking note of this figure and the rapid increase in college enrollment, predicted that by 1975 there would be 4.5-million students in colleges and universities at an operating cost of $9-billion a year. In fact, there were 8,566,333 collegiate enrollees (full- and part-time) by 1970. Of this number, 5,883,361 were full-time. As late as 1968, the U.S. Office of Education projected 7,608,000 full- and part-time enrollees by 1970, a figure that represents an error of almost a million students.

While the estimate of $2,000 cost per year per student--based on $9-billion as the cost for educating 4.5-million students--is off by a good third, it is not that far off if the Education Policies Commission was taking a fixed reading on the dollar. In 1970, for example, the value of the dollar had declined by 26 percent against 1958 prices. The real error was made against the number of students to be expected. The

change in manpower needs for the nation's job market and the change in a social philosophy which stopped just short of promoting higher education opportunity for everyone who desired it and could profit from it, may have combined to account for this error.

Even with the great numerical increase in college enrollees, if the rate of federal subsidy for higher education had held to the trend that had been in existence for 25 years when the Commission took its reading, there would be no present problem; that is, not in the public higher education sector and not in those states which subsidize private higher education and view public and private higher education together as a public resource. Although federal fiscal policy had not been organized around this principle, in 1957 higher education was being subsidized at the level of .8 percent of the GNP. Subsidization had, for 25 years, been rising at a rate of .01 percent a year. If this trend had not been short-circuited, the federal subsidy for higher education would now stand around $10-billion, which when accompanied by the approximately $12-billion put into higher education by state governments would come within several billion dollars of covering the present cost of operating the nation's higher education institutions. What all of this means is that at a time when federal pressures have helped to bring about a vastly expanded system of higher education, the federal dollar commitment to this system has undergone a steady proportional decline. One recommendation that could come out of this discussion is that the federal government return to its dollar commitment of 15 years back, using that proportion of the GNP that had become customary as a base against which to determine its dollar commitment. Were the federal government to take issue with this, based on the fact that its capacity to purchase goods and services has doubled over the past 15 years while the GNP has risen 1 1/2 times, an additional $4-billion would still be available for higher education, in keeping with 1957 practices.

Increased federal subsidies are recommended as non-restrictive grants rather than categorical aid. These subsidies should not go directly to the institutions involved but should be funneled to them through a mechanism jointly determined by federal-state-local planners. This approach would serve to foster a cooperative federalism. At a strictly state level it would help to facilitate the master planning process and to establish a logical base for long-range studies on the condition of all higher education institutions.

It is, of course, not enough to recommend increased federal subsidization of higher education. The general management of higher education institutions needs to come under constant review and their financial methods, accounting practices, and program rationale subjected to periodic analysis, but only until acceptable methods of public accountability have

been worked out. The goals to be achieved by this are the improvement of efficiency and the cutting of operational costs, rather than detailed intervention in the governance and day-to-day operational procedures of a given institution.

To use the State of New York as an example, considerable attention is presently being given to the development of fully structured regional systems which will find access routes for students enrolling in particular kinds of programs. This idea was preceded by over a decade of developments in the area of interinstitutional cooperation for the purpose of establishing benefits that could accrue to administrators, faculty, and students alike. The promotion of cooperative arrangements for the development of an engineering corridor and the delivery of health services represent still more advanced notions of interinstitutional cooperation.

During the spring of 1971, the Citizen's Commission on the Future of the City University of New York requested, through its chairman, the Honorable Robert F. Wagner, that the Board of Regents establish a task force to explore closer relationships and the sharing of resources among public and private institutions of higher education. This grew out of the alleged impact of open admissions in New York City on the private institutions there and the severe financial stress under which these institutions were laboring.

All of this culminated in Governor Rockefeller's expression of an interest in comprehensive regional planning (Executive Order No. 44) and the stress placed on regionalism by the Regents in the preparation of the 1972 Statewide Plan for Higher Education. At the moment, New York City is serving as the locus for the preparation of a structurally and programmed based model of regionalism. While the effort to develop this model is being coordinated by the Regents and the State Education Department, assistance is being rendered by officials of the State and City Universities and the Commission on Independent Colleges. In addition, this effort is being supported by a Regents Advisory Council for New York City, appointed from among executive officers of colleges, universities, educational foundations, and commissions from the public and private sectors. The charge to the Advisory Council is as follows:

(1) Establishment of new regional structural arrangements for higher education in the City of New York.

(2) Development of a comprehensive inventory of the total resources of New York City institutions of higher education.

(3) Analysis of the relationship of the City's institutional resources to the total needs of

City, out-of-City, and out-of-state residents for access to higher education within City boundaries.

(4) Study of the financial needs of private institutions which might be met by making their resources available to students from public institutions.

(5) Establishment of the feasibility of joint public-private use of facilities and other resources now available in existing institutions.

(6) Delineation of the role of private institutions in assisting City University to implement the Open Admissions program and any financial arrangements necessary for implementation.

(7) Review of total facilities needs in New York City and the development of a program to meet those needs within the frame-work of a regional plan.

There are manifold advantages to the development of a model such as this one. Wasteful duplication will be curtailed. Educational resources of traditional and non-traditional institution types can be pooled in new and useful ways. Most important, however, is the significance that this kind of planning has for bringing public and private higher education institutions (and certain other postsecondary institutions) into the kind of association that will make it possible to treat and fund the totality of higher educational resources as a single public utility. Additionally, regional planning coordinated at the state level will provide for a firmer rationale for determining the best modes for increased federal funding.

The idea of regionalism and concern for cutting the cost of higher education has had a spin-off in the New York State Education Department's Division of International Education. The Director of this Division, Dr. Ward Morehouse, has prepared a position paper, "Regionalism and Universalism--Cooperative Higher Education Abroad Programs in the 1970's." He first thought of the acronym CHEAP to highlight his notion of cooperative higher education abroad, thought better of this, and settled on an acronym with more positive connotations, REAP. The latter refers to Regional Educational Abroad Program. Only the highlights of Dr. Morehouse's ideas will be considered here.

REAP is recommended as a mechanism in the form of a regional council or a quasi-public corporation like the Higher Education Assistance Corporation (HEAC) for facilitating cooperative undertakings in education abroad. It is presumed that some form of tuition equalization would have taken place amorg institutions cooperating with REAP, although some disparity

in cost is not considered critical. In any event, since higher education abroad costs considerably less than higher education in the United States, an economic advantage is foreseen for United States citizens studying abroad. This kind of advantage would not, certainly, represent the major purpose for studying abroad. Rather, this would be the intellectual, cultural, and professional benefits which transnational educational experience, properly designed for different kinds of students, can give. The regional approach to study abroad would, however, create a scale for it that would make it possible for the institutions so engaged to maximize the economic as well as educational advantages of study abroad. The association of REAP (which will in some cases make its own arrangements) with national programs dedicated to similar objectives, such as the Council for International Educational Exchange, would maximize the study abroad effort.

When I was at Hampton Institute, I helped to promote a study-abroad program which was under Ford Foundation as well as university sponsorship. Under the Hampton Institute Foreign Study Program, each student, in addition to retaining his scholarships and loans from the college or other sources, was awarded an additional scholarship by the Foreign Study Program Committee. This scholarship was drawn from Ford Foundation and other funds, and took care of expenses for air transportation, room, board, and foreign tuition.

For a student studying at the University of Poitiers, France, transportation under this program presently runs about $225 round trip. Room, board, and miscellanious expenses run about $150 monthly; and tuition is approximately $150 per semester. This makes for a one year cost of $1,875. A year at the University of Valencia, Spain, is even less expensive. For a student participating in the Independent Study Abroad Program with the Experiment in International Living, pre-departure orientation in Putney, Vermont, air transportation, the area studies program, and the homestay, the one-semester cost varies from $1,475 in England to $2,225 for Japan. While the Experiment in International Living is expensive, direct entry into a foreign university represents a less expensive opportunity for study than study at home.

To return to REAP, in its attempt to exploit the advantages of scale, this mechanism would organize overseas educational programs in a variety of professional and occupational, as well as more traditional liberal arts curricula. As for the evaluation of experiences gained abroad, this might be undertaken through faculty judgement and through external examinations such as those being developed by the College Entrance Examination Board (College Level Examination Program) and the New York State Education Department (College Proficiency Examination Program). Experience in utilizing different examining techniques

is bound to grow as the "Open University" concept gathers momentum. And, of course, home faculty assessment of a student's progress would continue to be, as it is now, an important element in evaluating overseas experience.

This brings us to the savings that can be realized by students who have gained knowledge through work or other experiences and can pass an examination demonstrating that the knowledge they have attained meets the requirements of course credit. The New York State Education Department gave 5,300 college proficiency examinations in May, 1971, representing a potential 60,000 college credits. In October, 1971, 7,500 college proficiency examinations were given. The fee for these examinations is $15 each. This program provides potential college credits at a cost of less $1 per potential credit.* After scoring of the examinations has taken place, it turns out that actual college credits are earned by the takers at an average cost of slightly less than $2 per credit. Generally speaking, two-thirds of the course takers qualify for credit. In light of the above, it is indisputable that individuals are gaining experience in non-traditional ways that are equivalent to college-level courses and that the Division of Independent Study is providing a rapidly expanding educational service at a minuscale cost to the public.**

There are 7 conclusions implicit in this presentation, and they are the following:

(1) The role and responsibility of the federal government in the financing of higher education needs to be clarified. This clarification should take place among representatives of federal, state and local government.

(2) The percentage of the GNP going into the financing of higher education (based on the 25 year trend leading into 1957) should be established as a baseline for computing the present amount of federal dollars going to the country's institutions of higher learning.

(3) The states should continue as the guardians of higher education, as long as they maintain the American tradition of diversity, ensure standards in the face of diversity, and keep higher education responsive to national as well as state and local socio-economic and educational imperatives.

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*This figure is based upon the subtraction of fees collected from the State purpose budget for operating the Division of Independent Study.

**The performance of persons seeking credit by examination is measured against that of students in collegiate situations, so that they are in competition with those who perform in the upper percentiles in traditional situations.

(4) The general management of higher education institutions should come under constant review and their accounting practices and program rationale scrutinized until acceptable methods of public accountability have been worked out. At the same time, detailed intervention in the day-to-day operational procedures of a given institution should be scrupulously avoided.

(5) Regional arrangements for the organization of public and private higher education into an organic whole should be encouraged as a base for cutting out duplication of effort, making for the effective utilization of all available educational and cultural resources and providing for a funding rationale.

(6) Study abroad, based on large-scale regional and national arrangements, should be encouraged both as a method for cutting the cost of higher education and a method by which to reap the cultural and professional advantages that come from transnational study and experiences. And finally,

(7) Provision of testing services should be made at a nominal fee to determine whether individuals have acquired knowledge (through independent study experiences or otherwise) that is equivalent to that to be gained from a traditional course of courses.

Thank you very much.

PANEL: PUBLIC RESPONSIBILITY FOR THE FINANCING OF PRIVATE HIGHER EDUCATION

Donald R. McNeil
Chancellor
University of Maine

Senator Bedford, educators, legislators, and friends: When you really look at the plight of higher education today, there is no time for fights between the public and private institutions in this country.

I want to talk a little about higher education in general. I come here as a protagonist for public higher education, but also for *all* of higher education. This jingoism that we have heard from both private and the public sectors during the last decade simply has to end. I think we have proven that at the national level where, in their appearance before Edith Green's subcommittee, all of the public and private universities, community colleges, and the like were united for the first time. In fact, Mrs. Green said, "This is the first time that you people in the higher education establishment have been together. We thank you for that, because now we have some sense of direction." We cannot, however, seem to do it at the state level.

First, I would like to say what I am not going to talk about today. I am not going to talk about the fight between public and private institutions, because I think that the matter of tax dollars going to private along with public institutions has been settled. I think it is useless now to talk about why we ought to have public support for private education. Private education *can* help meet the needs for manpower, specialty programs, and numbers themselves, and I subscribe to that. While I think the private education people have much overstated the case for diversity of choice, I will buy their argument for the sake of discussion. There is also the matter of the survival of the private universities, and I would say that we simply cannot afford the demise of a lot of private institutions in this country. They are, indeed, a national resource.

I do not think it is even important to talk about the differences between public and private -- and here we have a very complicated situation which varies state by state. We know that, by and large, private institutions are not interested

in the numbers that public institutions are, and yet we have exceptions: President Silber's own institution, with 27,000 students, is much larger than many of the state and land-grant institutions in this country. But I think it is silly for us to argue that we alone, in the public sector, are interested in numbers, because we are *all* interested in numbers -- numbers of different kinds, perhaps; numbers with different goals, perhaps; but, numbers nevertheless.

We will not argue about the differences in enrollment patterns at the private and the public universities -- that, as President Silber said, many private institutions have remained or gone national and enroll many out-of-state students. We know, too, that, for a variety of historical circumstances, we do have, by and large, a wealthier clientele in the private institution than the public institution. Yet this is not universally true, because we know that many of the private institutions have really tried to reach the low-income, disadvantaged, and minority groups.

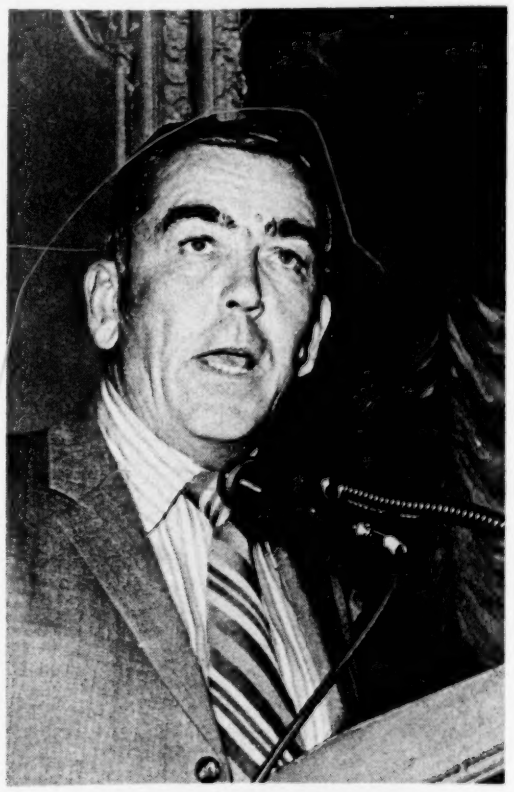
I do not even think it is important to discuss in any great detail many of the *similarities* between the public and private institutions. One of those similarities *is* quality. The one place where I do sometimes get a little irritated with the private institutions is when they constantly equate private institutions with quality. Now, I am telling you that we have quality in the public institutions. Private institutions argue that we have to have a diversity of choice so that we can put a quality education program together. It is as important to me that we have quality in the public institutions as it is in the private institutions, and our 1,200 faculty members at the University of Maine are trying just as hard and are doing just as good a job as in any private institution. I would prefer to reverse the roles, but many of the private institutions have excellent quality that is comparable to anything in the public. Everytime you mention Harvard, we can mention a Minnesota or Michigan. At the smaller college level, in my own state we can take a Ricker College and match it against the University of Maine at Presque Isle.

We know that when you look at programs, you look at the professors, and we are all drawing from the same marketplace. There is not a great deal of difference between the quality and the programming at public and private institutions, although here again we have a great deal of variation and a great many exceptions, but not too many. When I, a university administrator, am on a raiding expedition, I am looking for quality in sociology or whatever, and *not* whether he is from a public or private institution. Take the matter of equal opportunity. The problem of sex discrimination. The Blacks, the Indians, and the Chicanos. Some of the very best work is being done in the private institutions. But that is the problem: In the public mind, this work

has become synonymous with only the private institutions. And I am saying that, by and large, we in the public sector, too, are working in the field of equal opportunity.

I think that public and private institutions are all investigating the "Open University" that was mentioned here earlier. We are all worried about the relevance and the quality of our teaching. We are all interested in the basic question: Are we training a person as an individual; or, are we merely fulfilling manpower needs for society? And we know that we are drawing all of these things, all of these innovations, all of these revisions of curriculum, from both the private and public sectors.

Lastly, I get really upset when I see in the public media, the press, the television, and every place else, this sudden idea that higher education is doing a bad job. It simply is not true. Because costs have gone up and we have had a few radicals on our campuses, nobody seems to like us. Entire student bodies, both public and private, are being smeared with the same brush. Every time they talk to me about the rising cost of education -- which is not our fault, but largely because of inflation -- I would like them to match that against the number of graduates who we have turned out and who have taken productive roles in society. Nobody ever talks about that. There is an image abroad in this land that we are no good, and I think it is time that the public and the private institutions stand up and refute that smear.



Donald R. McNeil

With all of this as background, what I would really like to talk about is the need to provide some sense of *unity* between the public and private institution. We simply cannot afford to fight each other. We are going to defeat ourselves if they begin to peel us off one institution against another, or state by state, or public versus private. It is going to lead to the kind of controls that none of us in colleges and universities really want.

If the private colleges are afraid of accountability in any sense, they are going down the wrong track, because we are not afraid to be accountable. I think the private and the public institutions have a great story to tell, and I think none of us should be afraid to be accountable. I do think, however, that

if we do not get together, if we start bickering among ourselves, the next step is for the legislative and gubernatorial offices in this land to step into the breach. They are going to begin to set our program priorities, our methods of teaching, our contract hours, and to prohibit us, as university administrators, from building strong campuses, wherever they are. This is the type of control that I think all of us, both public and private, should keep in mind. There are, of course, many things we can do together -- consortia, joint appointments, joint use of facilities -- if we begin to move in the direction of unity. My main point is that, divided we are all going to lose.

The second point I would make has to do with finance, and here again we come back to that basic principle -- unity. It has certainly been sold to America in the 1960's that the private colleges are in trouble. But let me tell you, the public institutions are in trouble too. As I look around at my colleagues in the public sector, every one of us is underfunded for the numbers and the programs that we are trying to accommodate. When we are selling the idea that higher education is in financial trouble, I would appreciate it if both the private people and my public colleagues would stop talking as if they were the only ones in trouble: We are *all* hurting.

In a recent study, for example, 36 of the 55 land-grant institutions had "standstill" budgets. At my own University of Maine last year, we were allowed to give only a 2.3 percent salary increase to our faculty members. And with all that, do you think we are not in trouble? We had to turn down 2,000 qualified Maine students in the public sector. So really all I am saying is that we have to balance this and begin to speak as a higher education establishment to prove to the American people that: (1) we are doing a good job, and (2) the public and private institutions are both hurting financially.

We then must move onto the most important method of financing higher education. Even with Senator Bedford's admonition that no one wants taxes raised, I am going to make my statement anyway. There are all kinds of methods, and I am not too interested in the details of these because I think they can be worked out: tuition equalization; incentive and opportunity grants; special status for handicapped veterans and for Indians; competitive scholarships, some based on ability, some on need, and some on enrollment patterns.

One of the most dangerous methods, as I see it, but one which everybody seems to subscribe to as a way out of the financial dilemma, is the loan operation. Increasingly, they want to shift the burden onto the student -- and oftentime, the poor student does not understand the idea that he should take on a lifelong loan. If you think that is the coming thing in higher education, I would only point out to you that it really has not succeeded very well with the great mass of students and the great mass of taxpayers who back up those students. I cite you Ohio as an example -- Governor Gilligan's plan did *not* go over in Ohio. I think it is

time for the public and private institutions *not* to settle for a loan program: a long-term, indentured-service, whereby you are committed to some percentage of your income for all time.

I submit to you that we simply have to increase student assistance programs, but what I object to is that this becomes *the* way that we finance public and private higher education. Along with that, I think we have to have institutional support -- and again, this will take various forms: aid for construction, tax-exempt bonds, contracts with private universities for spaces on those campuses that have vacancies, and so forth. We know in Maine, for example, that some of our smaller colleges -- and this is true all over New England and the United States -- are geared up for 500, 600, 800, or 900 students, but that with very little cost to the state, we could expand those enrollments -- then we would let the selection process take over. If the institution only wanted to go up to 1,500 or 2,000, it would take care of itself.

There are direct, unrestricted grants to institutions to support certain programs, the number of earned degrees, or the enrollment, but here again I contend that it is implausible and is going to hurt us in the long run if you and I, the public and private colleges, divide on the methods. We all have a mission, the public and private alike, to broaden opportunity and to broaden that opportunity with some kind of quality education. My contention is that this kind of combination of student aid and institutional support -- and I would even go so far as to include the wealthy institutions -- is the proper combination of support.

I personally like enrollments as the base, because in the national councils where we argued about how we were going to finance higher education, we could not devise a formula that fit the needs of all the institutions involved, except through enrollment patterns. We got into need -- what constitutes the need and the need for a bureaucracy to decide that need. When do you declare that an institution has a need that is greater than another? If one institution is paying a very high salary scale and investing a lot of money in capital construction but showing a deficit, while another institution is taking large numbers and paying a lower salary and yet balancing the budget, who has the need? You really come down to a very simple formula, much along the lines of the GI Bill, where there is equal opportunity with student assistance and institutional aid based upon enrollment. I would have some gradation between lower- and upper-division, and a higher amount for graduate or specialty programs, especially medical schools which seem to wag the dog at most universities. Again, I think it is important to note that we are together nationally on this matter of the best way of federal financing: Why can't we get together at the state level.

If we are going to finance higher education -- all of it, public and private -- it seems to me there are certain things which we have to do. Number one, we must decide to do it. Secondly, we have to decide the roles of every institution, private and public. This is what bothers me about giving all the money to the student. In the background paper, I noted the contention that the student should set what the pattern shall be in any institution by the very fact that he opts to go to one institution or another. This seems to fly in the face of everything that everyone is saying, including the legislator. We are tired of this endless duplication. What if you give the money entirely to the students and they all opt to go to a certain institution which promises to institute a teacher training program at the same time that we are phasing out the teacher training programs in other institutions. It simply does not make sense. We have to decide their roles. The private institutions have to join the public institutions in some kind of comprehensive plan.

Third, we have to set up an accountability system, and here I would think it should be very lax because what a lot of people seem to forget is that the real vitality, the real crux of the university, is settled down where the faculty and the students are. As an administrator -- and as a centralizer, I have to have the overview -- I certainly have come to the conclusion in three years in Maine that real vitality is going to come from building a campus and giving that campus some kind of dignity, some kind of power in the decision-making process, within the broad framework of the master plan. So I would say that the accountability system should be very simple. If you base it upon enrollment, I do not know of a single private college that is going to cheat on you. A few fly-by-night schools may crop up to take advantage of this, but the established institutions that we are talking about, public and private, simply are not going to cheat. I think that the kinds of accountability the private institutions have feared, and some of us in the public institute fear, is when a particular legislator wants to delve into who gets a salary increase. That, by and large, is unwarranted. After we have decided the roles and set up an accountability system, then let us finance both the public and the private institutions.

The final part of the finance program is the matter of sources. The way things are going at present, in both the public and private institutions, it is the student who is really sharing an increasing burden of the cost of his or her education. This is really one of the worst parts of the whole operation, this idea of full-cost to the student. We have done some research in Maine in the face of our $26-million appropriation, and divided that the way the Hansen/Weisbrod people would: it simply would not handle everybody who we have to handle. For example, only 18 percent of our 16,000 full-time, day students can pay all of their tuition and fees right now; 50 percent can pay some; but

there are 30 percent who can pay none. And if you take that $26-million and redistribute it to the very needy, you are going to begin to hit the great middle-class, and it is really going to come to the point where only the very poor and very rich are going to be able to go to college.

As a sort of a footnote, I wish to raise a question I have raised in various regional and national meetings but for which nobody seems to have an answer. This is the emancipation problem. We now have an 18-year old voting law. Everytime we raise tuition, we get an increasing number of students from middle- and upper-economic families saying: "I am a taxpayer. I vote. I am a citizen in my own right. You can not use my family income to determine whether I am deserving of a scholarship." Let me tell you, I have nightmares about the day when all of these students who can now pay tuition show up saying this. With their computed need now zero or close to it, it is really going to disrupt the system. I really have no answer for that except a general subsidy program. It is the cost to the student, you see, that is really bothering both the private and public institutions. That is why it seems to me that we *are* prepared in this country, we do have the economic resources to raise taxes, if we will, at both the state and federal level, to give both individual assistance and institutional grants which would make it possible for more students to go to school.

We also have the matter of federal aid, and I certainly support that. Again, the Green and the Pell Bills both have the student aid and the institutional support. And I think that ultimately, if the Supreme Court decision in California does away with the property tax base for the support of elementary and secondary education, it will not be very long before poor states like Maine are going to be asking for an equalization principle for the poor states, and that we will then have some kind of standard for evaluation and equalization at the federal level. Federal aid certainly must be forthcoming. Rather jokingly I suggested, at one time, using the social security tax as a model to establish an educational security tax which you pay on a progressive basis throughout your lifetime and could then engage in lifelong learning while giving general subsidy to the entire educational establishment forevermore.

Besides the students and the federal government, of course, there is the matter of philanthropy in public institutions, and as you in the private institutions know, we in the public area are moving into this area a great deal more.

And finally, and the big one that faces us today: What about state aid? There are only two possibilities. One is to redistribute the present taxes and give part of that to the private institutions. You can understand that, as protagonists for public education in the State of Maine -- where we are underfunded, where we are turning down students, and where we are not able to fund

quality programming at our salary level -- we need to, and we are going to, fight this. We are going to fight hard against taking our present tax resources and giving them to private institutions. If there was an honest and universal need to meet, and there was some kind of standard accounting practice, then we might buy it. But there can never be enough money to really have that kind of redistribution of the wealth to the student and then charge the full-cost of education.

Right now in the State of Maine, the public institutions are $5.1-million short in computed scholarship aid -- that is not just a guess, that is *computed* scholarship aid. If the legislators really want to make it possible to charge the full-cost of education, or this double taxation, I would buy that *if* you would make sure that you really give honest scholarship aid all the way through the middle-class. What will happen, however, is that they will give you about the same amount of money, but will only go up to the $7-8,000 income level and from then until about $15-16,000 you are not going to have the money, those people will not be able to go to college.

The second alternative, besides redistributing current funds, is to increase the percent of state support. This, no matter how you cut it, means an increase in taxes or a reallocation of the priorities within the state. But here again, we ought to form a partnership between the public and private institutions to find out what the educational mission is in the state, and then join together to convince people that it is a good investment, that it is a good opportunity to broaden the base, to provide the masses with the educational opportunity that both the private and public institutions are talking about.

Of course, the other side of that point, as I hear from many of my legislators, is: "Why do you let all those students go to the university? We have got to stop them from going to the university, because the standard baccalaureate degree simply is not good for everybody!" I do not think that many of our legislators understand the reevaluation that is going on within public and private institutions. For example, in the last two years the University of Maine has not approved one single baccalaureate program, but we have begun to develop a whole range of two-year, associate degree programs (some terminal, some transfer) that are going to meet the kinds of needs of the people we are talking about.

The other problem is deciding who shall or shall not go to college. I simply do not know of a system of predictability, of an admission system anywhere, that could give a fair evaluation of a great mass of students and say who would go to college and who would not, no matter what kind of program there is. It seems to me that, with tax supported institutions, both public and private, those people have a right to try college if they want to. You can talk about standards, but we know that many of

those standard tests simply will not take care of those people who ought to be given a chance. I think enough of you know of the late bloomers, untapped talent that has been found in talent searches and so forth, to know that we simply are not reaching a broad number of people. So I argue with the contention that we can successfully predict that this person should go to college and that person should not.

In all of these matters, student costs, federal aid, state aid -- but especially state aid -- I again come back to the problem we began with: the matter of unity. I know that the private institutions and many of the public institutions are worried about the bureaucracy that Mr. Cronin and I represent in the central structure. But it seems to me that we ought to be imaginative enough to devise a system where certain policies are set at various levels and then leave the maximum amount of flexibility and autonomy to the campus operating unit. But to do this, we simply must have a unity that I have not seen much of, except in the last six months, between both the public and private institutions.

Thank you very much.

KEYNOTE ADDRESS

Claiborne Pell
U.S. Senator
State of Rhode Island
and Chairman, Senate
Subcommittee on Education

I appreciate the chance to be here with, you, the opinion formers in the field of higher education. I urge you to foster belief in higher education, because the problem today is that the country as a whole has become a little bit anti-intellectualized, a little bit skeptical of education--particularly higher education. In fact, as you see the bond issues for various educational programs go down the drain, you come to realize that higher educatio has become a code word for higher taxes. We have to get people t understand that money spent on education is the most frugal inves ment that any nation or any people can make; the returns to the communities, to the states, and to the nation far outweigh the money that is spent. I hope that all citizens come to realize this, for I know it is a thought shared by just about everyone in this room.

When I accepted your invitation to be here, Dr. Ferguson suggested several subjects that I might touch on: the question of the new voting provisions for the college student population; the meaning of the sudden cessation of student demonstrations; and, the solutions needed to really provide access to higher education for the disadvantaged. I will cover the first two briefly and then move on to the third.

To my mind, the new voting provisions for our college youth will have relatively little effect--and I hope I am wrong on this--on the final outcome of this legislation or any other. I say this in a rather muted voice, feeling a little ashamed as I sit here next to Jack Revens and with Jim Aukerman and other young legislators present, but I am reminded of the exchanges that I used to have at the time of the Cambodian turmoil almost two years ago. Every day at twelve and at three o'clock, I had sessions with Rhode Island students. Sometimes as many as a hundred would cram into my office, all properly incensed over our so-called incursion (a code word for invasion) into Cambodia and all going to be fantastically effective in the coming election in getting rid of those of my colleagues who, in their view, had got us into this situation. My own alma mater, Princeton University, tried to set the pattern for the three-week, so-called, political time-off period. What happened when election day came? Very little work was done in this regard.

My alma mater was ashamed of what happened because a survey showed that 80 percent of the youngsters who took the time off used it for either a reading or a vacation period. The only group of young people in the country who were really active for individual candidates in the 1970 elections were very active in Senator Buckley's election in New York. So I am not sure the young vote is going to go the way many of the liberal voters think. I cite you the example of Great Britain: as soon as they gave the 18-year olds the vote, the country immediately went conservative.

I would hope that I am wrong. It is a tremendous challenge. Young people, if they would only realize it, by their sheer numbers and their enthusiasm, have the direction of our nation within their hands if they will only put their hands on the helm and follow through. With the younger legislators who are developing, and you see them in all the legislatures aroung the country, we may get more participation, but I would hope that it would be participation in-depth. The statistics, with which I am sure you are familiar, show that in those states (Georgia, Maine, and one other) where people between 18 and 21 have had the vote in the past, their voting participation was less than 33 percent. In the country as a whole, the voting participation of those between 21 and 25 is less than 50 percent. Of course, the general record is pretty bad, too--it is only about 65 percent.

My answer to this particular topic is, therefore, that, in my mind, experience shows the effects will not be great. I would hope that I am wrong; I would hope that young people who are here would be so angered by these words that they would make sure that I am wrong; and, I would hope that young people would get out and vote. I am absolutely convinced that if young people, with the intelligence and enthusiasm that they have, would all register and vote, their views would come out very parallel with those of most of us in this room.

I was also asked to comment on what the reasons are for the decline in student demonstrations, and I have thought a great deal about that. I recall two years ago when everybody was so concerned about the demonstrations. It was exaggerated then, of course, because, as it was pointed out in our hearings on higher education, of the 2,800 institutions of higher education in our country, only 300 had had demonstrations of one sort or another and only 150 of those had resulted in violence. While the original reports were a little exaggerated, nevertheless there was a feeling that every campus was seething with unrest. That is certainly not even the feeling, much less a fact, today. I wish I could give you the reason for this. I have thought about it in reply to your queries, but I really cannot give you a very intelligent reply. I think this is the kind of question that you would probably do better to ask

Representative Revens, Representative Aukerman, Representative Daly, or any one of the people who are younger and closer to the campus. I have asked my own children and I have asked young friends of mine, but I do not get a good answer from them. This is a very interesting question, however, and I would hope a foundation or some group might do a study to determine the answer to it.

Now, the final subject is the question of financing higher education, and I will talk a little bit longer on this one, because it is the one I know most about. This meeting, at this time of the year, is very fortuitous, because we are going to have a meeting of the joint conferees in January or February to decide the relative merits of the House and Senate bills. Clark Kerr called this pending bill the second most important legislation affecting higher education in our nation's history, the most important being the Morrill Land-Grant College Act. What we are looking at here are the basic philosophic differences between the two bills: Will federal policy be focused primarily on the needs of the people, the youngsters; or, will it focus primarily on the needs of the institutions?

I shall not take the time to re-state the multitudes of problems which we are told are going to drain higher education, nor its needs, within the next few years. Needless to say, every tale of woe and doom is absolutely correct. Higher education is in a very perilous situation now. Smaller colleges, particularly, are having a very difficult time. In my own community in Rhode Island, one junior college seems about to fold and another one is very close to it. But the spate of publicity, pessimistic though it has been, indicates there is an awareness of and a concern for the problems of higher education. I hope we can translate that concern into voter and taxpayer support.

The Senate Subcommittee on Education studied higher education legislation in 1970 and held 11 days of hearings. We heard a large number of witnesses, but action was not taken then. The climate was not right; nothing had jelled; and, there was no consensus for action. This year, 1971, we started a new set of hearings and probed for new ideas. I introduced a bill with two major theses: the establishment, as a matter of policy, of the right of every youngster, regardless of his family's financial circumstances, to obtain education beyond high school; and, the provision of a certain amount of direct aid to educational institutions which would follow the student receiving this basic educational assistance. The Administration offered its proposal which included some provision for grants to students, but which appeared to shift the emphasis of federal assistance to one of more reliance on loans thus leaving the individual student the ultimate burden of paying the cost of his education. In addition to these

proposals, there were others advanced in the House of Representatives. The House favored institutional aid on a straight per capita basis and retained, unchanged, the present student assistance provisions. It should be noted that this approach is more to the liking of representatives of the higher education community than is our Senate bill. With these various proposals in mind, our Subcommittee conducted 15 days of hearings. By the time they were completed, every member had been informed of the problems and the proposed solutions, and the Subcommittee accepted the principle that every qualified student should be guaranteed basic financial assistance through grants, as a matter of right.

What we are trying to do, to explain it in simpler terms, is to make certain that education as a matter of right does not stop with 12 years. If we look back a hundred years in our own nation, we see that education as a matter of right stopped at grade school--and high school was considered a luxury. We then went from 8 to 12 years. Well, I think that our nation has advanced in the past hundred years and the body of knowledge has grown. In order to preserve a useful role in the community, people now must and should know more. And this does not just mean the liberal arts college; it can mean a proprietary college, technical training, or secretarial school. But people need more than 12 years of education and training to cope with the problems of the world today.

Now you can say: Well, any youngster can go on after high school as it is--there is no problem. We all know youngsters--and many of you in this room have been through the mill--who know that even without money, you can get a college education if you have sufficient moxie, energy, or athletic ability. But it helps if you have some money behind you, too. In my own state, Rhode Island, there are areas where young people just do not think in terms of more education when they finish high school unless they are exceptional youngsters. I think the community, the state, and the nation would be better off if they did. For nine years now, I have been introducing bills that would try to improve the higher educational opportunities for these kids. I started out with the idea of a GI Bill with $1,000 scholarships, and that had no effect. Then I had a more complicated approach utilizing the difference between the income taxes being paid and a certain amount of money, but that idea did not fly either. But this approach that we have now, as I will show you, seems to be flying, and I am really here to appeal to you for help and support.

The Administration's view of institutional aid has changed. We found the Administration first opposing the idea of institutional aid, and then coming around to the idea that it is alright but that it should be limited in amount and related to the youngsters who are receiving the kind of basic

educational opportunity grant about which I am talking. So, after these hearings and after much soul-searching, our Subcommittee, and finally the full Committee on Labor and Public Welfare, unanimously reported out a bill that contained these two key provisions. First, an entitlement--those of you who are technically proficient know what the word entitlement means--of up to $1,400 for each student who is accepted at an accredited postsecondary institution, from which is subtracted a sum based on what his family can be expected to contribute. Second, a plan for institutional aid that, as I said earlier, has the aid following the basic educational opportunity grant (what I hope will some day be called the Pell Grant) to the student. Obviously, there is much more in the Senate bill, which is 227-pages in length, but I will not try to run through it with you today.

Contrary to what is being reported in both the popular press and, particularly, in some of the trade press, this bill is not a jerrybuilt structure put together by nameless, faceless people working on general outlines set forth by a few interested legislators. Indeed, in my 11 years in the Senate, I can think of no legislation that has benefitted from wider or more knowledgeable participation by all the members of our Subcommittee--it was really a team effort. In attempting to meet today's problems in higher education, the Subcommittee members realized that mere tinkering with the present programs would not do. We had to have a more cohesive and rational program. I have already discussed the philosophic underpinning of our bill--the right of every individual to have an education or some sort of training after he completes 12 years of school.

It is also being said that the Senate bill would shift the thrust of federal support away from the institution of higher learning--the so-called establishment--to the student, the consumer. This is true, but is not the most pressing problem today the eternal one faced by the student worrying about how he can afford to attend school? I know how vital the problem is for the institutions, but talk to some of the youngsters around our country, too. Get the mail I do, as a member of Congress, from kids who want to get a nursing degree or move on to more college, but for one reason or another--perhaps they do not have the grades--do not have the opportunity or the scholarships that they might. It is very tough, indeed.

And there is one other point to consider when speaking of the change in the federal thrust. The institutions have been the recipients of federal assistance in one form or another for quite some time, yet it is those very institutions that have received the most aid that are experiencing the greatest problems. Witness after witness asked for more federal money in one form or another, yet nothing was said of

institutional reform. In fact, it almost seemed to be in bad taste to ask a question about the actual cost of education, or about a universal system of accounts, or about other managerial and administrative matters. When we queried college presidents and other administrators, these types of questions were always met with a sort of embarrassed silence. Yet, what we are talking about here is federal money, taxpayers money, your and my money, and I think that when taxpayers money is used, certain standards of management must be met.

The basic theme of the Senate bill is that the federal government has an obligation to people *as well as* institutions. Under the Senate bill, institutions will receive assistance if they serve the people and adapt to meet their needs. The Senate bill basically puts the decision-making in the hands of the consumer of educational services, rather in just the conduits of those services. The Senate realizes, too, that the present structure will not meet the needs of all consumers, and therefore recommends a program to encourage the establishment of community colleges--institutions which, by definition, must meet the educational needs of the residents of the communities which they serve.

Our Senate bill must have some virtue, because, when it was brought to the Senate floor and voted upon, it passed without a single negative vote--not one negative vote. To my mind, this legislation is landmark in nature, for it is the first piece of federal legislation that clearly states that our country has this responsibility to provide a floor of postsecondary education to all youngsters capable of and desirous of such education. And it states, as well, that the federal government has a responsibility to the institutions taking in these students, students who are being helped but who very often cause added expenses to these institutions by both increasing numbers and because of the added difficulty some of them have in coping with the demands of the institution. With its passage, the Senate should have experienced a feeling of elation and accomplishment; if this were not true, there would be little reason to support this bill.

The higher education community at first ignored the Senate bill, and it appears that certain segments of that community are presently seeking to see it defeated in Congress. The picture is a gloomy one in that regard. I was very disappointed at first that we could not move quickly into a conference, but I now think that the bill's delay was probably the best thing in the world for it. In the interim, the Carnegie Commission has come out with its report; university presidents have read and endorsed the bill. Gradually, an awareness that this is a pretty good bill is coming through. Some of the colleges are breaking away from the united front opposing our bill--I think some of the junior colleges have broken away--and some of the other prestigious colleges may

join in support of the Senate bill before we are through. I can understand the opposition to the Senate bill, but I also think that it deserves more consideration than it has received. Everybody has a right to be heard.

Perhaps I could even understand an established educational bureacracy which would sacrifice what is positive, the student assistance provision, to achieve its one aim: per capita institutional aid. But what is, to me, imminently wrong is the opposition to the Senate-passed student aid provisions on the grounds that the increased financial resources might prompt students at middle-cost institutions to attend higher-cost private universities. Frankly, I doubt this would happen. But, should the student be denied this option? In my mind, it is an unconscienable approach, one for which we in the Senate will not stand.

Our experiences over the last few years raised the question: Who is most looking out for the students' interests? There is no student lobby, no group coming forth speaking for the students--coming closest are the financial aid officers, and they do a very good job because they are nearest to the students' problems. But all the spokesmen for the educational community represent the institutions--not the people who are attending them--and it seems to me that all their altruistic words really cover a position of: let the institution get what it needs, and then we will revamp the help for the students. I remember that years ago a railroad magnate said, "The public be damned!" I would hope the education spokesmen in Washington would not put themselves in the position of saying--or whispering,"The student be damned!"

The students should be considered more than, I think, they are in the House bill. The Senate sought to put them in first position--we have not been convinced to the contrary. In the upcoming conference, we will seek to insure that our proposed right to student assistance remains the salient portion of the federal approach to higher education. It is my hope that we will be joined by the institutions of higher education as time goes on. We seek to move ahead and make manifest, in legislation, the oft repeated thesis that there be true equality of educational opportunity. We believe this is a thesis worth fighting for, but we need help and hope that those of you in this room will join us in this fight.

I think we should remember, too, that the true strength and wealth of a nation is not measured by the number of its weapons, its current cash position, or its gross national product. It is measured by the education and health of its people. In his book, A Question of Priorities, Edward Higbee, of the University of Rhode Island, pointed up the issue very succinctly when he said, "The one really important natural

resource is gray matter." This, to my mind, is the objective to which we should address ourselves. I think it is, in great measure, a question of priorities. I remember addressing the Naval War College in my own state a short time ago, and asking: What is the point of having a steel wall around the nation if the interior part of it is not well-educated and in good health? The important thing is for the interior to be well-educated and in good health, to the maximum extent possible, and then to concentrate on the exterior.

I believe the question of priorities is going to come up more and more in the next few months and years, and we will need help in changing these priorities. At present, when you have an appropriation for a defense or space spending matter, you find that the final funding is about 98-99 percent of the total authorized. But if the appropriation is in the field of education or health, you will find that the final figure is less than 50 percent that authorized, after the Office of Management and Budget (OMB) and the appropriations committee are through with it. What we would like to do is see these priorities, if not turned around,at least brought together, so that there will be greater expenditures for the development of the human sector, for our national efforts in behalf of the health and education of our people, and less for the steel and hardware aspects of our nation. This is the need that we in the Senate, particularly in our Subcommittee, see as particularly strong.

I realize that our bill is going to have to be compromised in conference--this is the purpose of a conference. But I would hope that each of you would be reasonably convinced of the importance of establishing the *principle* of providing some form of help for students, as a matter of right, for education beyond the high school level. The important thing is to get this accepted as a matter of principal; for once accepted as a matter of principal, the rightness of it will take care of the situation, and the funding will come along as the years go by. I have seen this often in my years in the Senate. It takes several Congresses to get an idea along, just as the principle I have introduced here came before four Congresses. If we can get it through now, the initial funding may not be what we want. But I would wager that if we were sitting around this room in 10 years, the idea has such merit, that we would find that the funding had become adequate.

Thank you very much.

PANEL: THE CONDITIONS ASSOCIATED WITH PUBLIC FINANCING OF HIGHER EDUCATION

Ralph K. Huitt
Executive Director
National Association of State
Universities and Land-Grant Colleges

Representative Daly, ladies and gentlemen, I am very pleased to be here this morning. I know that is the conventional thing to say; but if I were not pleased to be here, I would not be here, because I did not have to come. I think this kind of meeting of public and private people in higher education, but particularly of educators with legislators, is one of the most promising developments that I know of.

I would like to begin, if I may, by telling a story which I used to tell at HEW. Four professionals--a teacher, a doctor, an engineer, and a politician--were arguing among themselves as to which is the world's oldest profession. The teacher said, "Eve taught Adam to try something new. That's education, so the teacher is the oldest professional." The doctor said, "But before that, she had to be constructed out of Adam's rib. That's a surgical operation, so the doctor is the oldest professional." The engineer said, "But before that, there was chaos. Someone had to construct an orderly universe. That was an engineering feat of high magnitude, so the engineer is the oldest professional." The politician asked, "Who do you think made chaos?"

I used to use this with great effect at HEW because one of my incidental jobs was trying to explain politicians to the bureaucrats, and, of course, that is what the bureaucrats think--that is what a lot of people think. The truth is, however, that is absolutely wrong. Politicians are not the people who make chaos. They are among the most effective agents in society for bringing some kind of order out of chaos, for taking the conflicting interests of very diverse people across the nation and bringing out of that diversity, not something which pleases everybody, but something which people can live with in peace and relative contentment.

During my life, I have had a great deal of association with politicians, and I think they have helped me to learn a lot. They have helped me to learn that, generally speaking, politics is not a conflict of selfish interests or even a conflict of values--it is really a conflict among people who share pretty much the same values, but who go after them with

different means. Very often, however they *think* that the conflict is one of values, which brings passion and emotion into politics. The truth is that most people in politics are honest--most interest groups are honest--which is, of course, what makes it so difficult.

Another thing that I learned from politics, is that today's opponents may be tomorrow's allies, and so not to rupture that bond of civility which makes it possible for people to get together when they need to.

I am part of higher education's representation system in Washington. As you know, associations have proliferated in this society and they have nearly all moved to Washington--representative of what is happening in this country, of the importance of what the federal government does. When the new eight-story building that houses higher education was built at Dupont Plaza, it was thought that we would probably use four floors for the higher education associations and rent out the other four floors as commercial space. When the building was opened for rental, however, the associations came from everywhere, so that now the entire building is filled with higher education associations--and we understand that actually only a third of them are housed there. The question of how you represent the multi-faceted interests of higher education is, therefore, an important one.

Let me, in the short time available, simply raise some issues. I am going to talk to you not about state issues, but strictly about those at the national level. We are on the verge of taking one of those historic steps which history comes to call "landmark" legislation or "breakthrough" legislation. In this system, I think that we take these steps not precipitously, but after about twenty years of doing certain kinds of things by subterfuge. Then, when we have reached the point where the federal government is deeply involved in an area, we have the kind of ideological clash that we must have before we make the breakthrough: to admit that this is what we are doing. I will give you three examples. After Herbert Hoover, no President of the United States ever doubted that the condition of the economy was a matter of enormous concern to the President and to the Congress. Yet when a little act called the Employment Act of 1946 contained a prologue--which was not law, but a statement of policy--indicating that the federal government had a responsibility for the level of employment, there was the damndest cat-fight that you ever saw. Once it passed, of course, nobody had any more concerns about it. In the field of housing, the federal government was the most important agency for twenty years before 1948-49, but there was a tremendous ideological battle in Congress over the Housing Act of that year. Today, the Housing Act is so popular that they pass it every year--if you cannot get something through any other

way, get it into the Housing Act and it is a cinch to pass.

I think the same kind of thing has been happening in education. We have had federal assistance for a long, long time. After World War II, it took the guise of aid to veterans; yet money flowed to institutions along with that, and there are presidents who would tell you candidly that their institutions were built up in those days of the GI Bill. In the early part of the 1950's, it took the form of the so-called Impacted Area Aid. Then in 1958, not aid to education *per se*, but the National Defense Education Act, because of Sputnik. Early in the 1960's, academic facilities for higher education; and in 1965, disadvantaged children and more aid to higher education. What we are on the verge of, I believe, is an acknowledgement that the federal government has a responsibility, an obligation, to help maintain the system of higher education because it is a national resource.

This is really, I think, one of the two big points at issue between the bills which have been passed by the House and the Senate--the question of what the federal obligation is. Mrs. Green has written into the House bill a clear statement that higher education is a national resource, and it is her intention that, in time, the federal government will accept an obligation to provide, say, 35 percent of the total amount of money which goes to higher education across the entire nation, from public and private sources alike. The capitation formula, which she has in her bill, is *not* the heart of the matter, except that it goes as unfettered funds to institutions of higher education *because* they are institutions of higher education.

There is a lot of opposition to this concept--some of it ideological, some of it practical. There is the feeling that wherever there are federal goals, these goals should be stated. The Bureau of the Budget has always taken that attitude--the federal government ought to say exactly for what money is to be spent. One of the proposals states that federal money should flow only to those institutions which are in need, but of course, the question as to *what is need* is the one which balks everyone, because emergency need situations take a number of different forms. There is also the notion--this is in the Senate Bill and has been in the Administration Bill--that assistance should go only to students or only to disadvantaged students--in some cases going so far as to say, only to those who are the *most* needy, again raising the question of what need is. Is the child from a family with an annual income of $3,000 more needy than one from a family with an annual income of $6,000 if *neither* has enough money to go to college?

There is the possibility of another historic step in the student assistance field. The House Bill has the traditional student assistance programs: economic opportunity grants for the very disadvantaged; work-study; National Defense Student

Loans for the students who qualify; and guaranteed loans for the middle-income student, with or without subsidy, depending on the family income and at the discretion of the financial assistance officers at colleges and universities as to whom this money shall go. In the Senate bill, however, as in the Administration bill, there is the concept of an "entitlement"--the idea that every young person in the country is *entitled* to a postsecondary education. With an entitlement, you start off with the basic grant, in the case of the Senate bill, $1,400, from which is subtracted what the family is presumed to be able to contribute. Now the entitlement proposition (and I will not go into details here) raises some questions. On the one hand, you can argue that this is an historic step in which the federal government is recognizing that it has an obligation to see that all young people, regardless of money, have a chance to get a postsecondary education, and that even if it is not fully funded--as it certainly would not be--the concept of the entitlement is important enough for the government to take this step. On the other hand, there is the question of what it does to young people and their confidence in government and society to say this to them--that you are entitled to postsecondary education and we have made certain that you can go to school, whether you have money or not--and then to have them find out that that is not so.

The Senate bill also includes the notion of uniform determination of what one is entitled to, as prescribed by the U.S. Commissioner of Education. At the same time that there is much drift and much drive toward decentralization--and the system of higher education is, of course, one of decentralization--here is a deliberate concentration of power in a single person, in a single office, to say that this is *the* formula which shall be used in determining need across the entire nation. In a low-income state like Arkansas, the President of the University told me that half of his students could probably get aid, while in a state like New York or California, it is unlikely that any student could get aid--it is even probable that the level would be set such that just the welfare payments in most states might very well be too high. There is also, of course, the probelm of the emancipated student--and this is something of which we are seeing a lot more. I have figured out myself that my daughter could probably get $700 or $800 in grants under this kind of formulation, because she could clearly prove that she is emancipated. But you see, if she met some fairly intelligent student financial assistance officer who took a look at the facts of life--that she is, indeed, the daughter of somebody who could afford to pay her way--she would not get a grant at all.

Two or three other things are at issue. There is provision, as you know, for a National Foundation for Higher Education--a provision which would set up an agency in the Department of Health, Education, and Welfare but outside the

Office of Education. It is very interesting how functions of the Office of Education are being pulled out of it and put someplace else, presumably because the Administration lacks confidence in the Office of Education. Nevertheless, the Foundation, with a $100-million appropriation, is designed to encourage innovation, change and reform, and renewal--all of this. The Foundation had the unanimous endorsement of all of the educational associations because it had the endorsement of their institutions. We are not against reform and innovation; most of us recognize that if there is not very much institutional money, it will probably go for established things. Innovation and change cost money, and this could be an opportunity to get money for these purposes. Over the last year and a half, though, I think enthusiasm for the Foundation has decreased markedly. At our own Association's meeting this last fall, we changed our statement from an endorsement of the National Foundation (with capital letters) as proposed by the President, to say that a national foundation (with small letters) might be helpful. I think the reason is that as the Administration people have traveled around the country and explained the Foundation, it has become clear, in listening to them, that they are talking about an agency of the federal government which is going to decide what is wrong with higher education, pick those areas in which change should be made, decide what the character of the change is to be, and then, funnel money into those institutions which are willing to make that kind of change. The question of the relationship of the federal government to institutions is the crucial one, then, which has caused interest and support for this particular idea to diminish.

We are also interested, of course, in continued federal support for research. As a matter of fact, federal support of research has gone up somewhat this last year. I think what bothers people in research, however, is the instability of federal support, the fact that some categories are supported this year, but in two or three years are not supported very strongly. Other categories then get greater support, encouraging institutions to get into them, but again the interest in them wanes.

This, of course, is not just the federal government, this is a cultural thing--we are a people whose moods shift. I would like to point out to you a very striking example. Back in the late 1950's researchers in high energy physics got almost any kind of money they wanted, but then electronics came in very strongly, and then space came in and took a great deal of the money. A shift can occur so fast that the President of the United States is able to say, when we landed a man on the moon, that this was the most important human event since the birth of Christ--and then, six months later in his State of the Union Message, never even mention it. This is a country that shifts in its moods and its interests, and this is reflected in what the federal government does.

Let me conclude by simply making an observation which I believe to be a true one. People wonder what it means if the federal government supports higher education more and more, but the real question is: Does this mean that the federal government will intervene more and more in higher education? I think that the answer is yes. I think we have to be prepared for that. Now let me say, in case anyone is in doubt, that so far as the various institutions and their national associations are concerned, we are in unanimous agreement that any federal assistance should go to public and private institutions alike--we went over that hurdle a long time ago. But what many private and what many public institutions worry about is, what will the role of the federal government be if it does put more and more money into higher education, just as I am sure that people at the state level and at public institutions wonder what it means if they get more and more money from private foundations. I think it would defy all human experience to think that there is going to be measurable support from any source with no requirement for some kind of accountability.

I can remember, however, that in the early 1950's, Professor Hardin, of the University of Chicago, with private foundation support investigated the question of whether federal control had followed federal money into the land-grant institutions. His conclusion was that if had not--as a matter of fact, the federal money had helped to cushion these institutions against many local pressures. I do not think, therefore, that there is going to be anything like federal *control* if the federal government gives more and more money to public and private institutions.

The federal government does, however, swing a very large sword--it can do things very quickly. It can, for example, bring about the achievement of a national goal by deciding that unless this is done forthwith, federal money will be cut off. You know what I am talking about: racial balance and equality, an end to discrimination against women, that kind of thing--unimpeachable national goals which all of us support. The issue is enforcement. The Department of Health, Education, and Welfare has no history or tradition of regulation and enforcement, so it tends to jump in with both feet and usually without any kind of procedure that assures fairness. It seems to me that we are confronted by what people in organized society have faced since the beginning of time--namely, that we have to tame the government. Specifically, that there be due process in the enforcement of national goals. I am very happy to say that the Department of HEW recognized this and is now engaged in drawing up the guidelines to be used in the compliance procedures that are instituted against the university.

In general, "accountability," whatever that term means, is going to loom larger and larger. Senator Pell asked us a

number of questions--perfectly reasonable questions; indeed, the right questions--when we testified before him last year. For example, he asked, "You say you're in trouble financially. How much does it cost at your institution to educate a student?" Well, you answer that question--if you can. Then he said, "If you can't answer that question, what is the average tuition at your institutions?" I had to explain to him that some charge tuition, some charge fees, some charge tuition and fees--it is very difficult to tell which are the fees and which are tuition. At that point, the Senator understandably became a little impatient. He said, "Well, what would you say if I stipulated in my bill that no federal money would flow to an institution until there is uniform accounting so we can get answers to some of these questions?" And my only response is that I would hate to see that put into federal law right now, because I do not know how we would comply. Yet somehow, in the next several years--and this is a knock on the door--we are going to *have* to learn how to answer some of these crucial questions about higher education in a way that will be satisfying to the people who supply the money--and this is not going to be easy.

I have found, in my experience in the federal government, that HEW and other agencies can get answers out of their mountains of data to everything *except* the questions that matter--to almost every question in the world, except to the one on which the issue turns. As much as it hurts, I think we are going to have to learn in the next few years how to give answers of that kind, because as more and more money flows from the public into our kind of activity, I think we are going to have to be more and more responsive in saying what comes from it.

Thank you.

Ralph K. Huitt

PANEL: THE CONDITIONS ASSOCIATED WITH PUBLIC FINANCING OF HIGHER EDUCATION

Bennett D. Katz
Senator, and Chairman
Senate Education Committee
State of Maine

I wish that I could interest you in some of the transportation problems that New England has at the moment: one of our air carriers is in bankruptcy, another one is losing money, and I understand the New Haven Railroad is having some problems. Eventually, we may find that kids are going to go to community colleges more and more because they will not be able to get any place else.

I feel cheated that I came in late and that I had to miss the conference yesterday. I always get such a charge when I enter a room of distinguished educators, people who are so well qualified for educational leadership; for as I look around the room, I realize that I have one thing that you do not have -- that is the opportunity to vote, which is something to be cherished. Unfortunately, however, legislators, who do have the prerogative of voting, do not always have the tools to go along with intelligent voting. It is just amazing that, despite our lack of tools, our innate intelligence and common sense allows us to have the outstanding records that we do. The Maine legislature, for example, is too big. We have 151 members in the House of Representatives, making us one of the largest deliberative bodies in the nation. Why we need that many is beyond me; the Senate has only 32, and there are occasions when some of my colleagues think that is too many. But, with all due apologies to those of you from New Hampshire, my dissatisfaction with the size of Maine's House is certainly softened by the fact that New Hampshire's has 400 members.

I suspect we are here for a particular reason, so I am going to make certain premises. First, I am going to establish a tremendously exciting premise for the first time: that post-secondary education is essential to the welfare of the nation. Second, I believe that a pluralistic system should be maintained -- although an inefficient, ineffective public or private college is not a sacred institution to be maintained or reclaimed regardless of cost. When I see a part of a state get up in arms because a college is going down the drain, I just cannot share that feeling of dread and disaster unless that college has a reason for being. Next, I am going to stipulate that institutions exist for only two reasons: one is to serve the needs of society, and the second

is to serve the wants of the students -- and not necessarily in that order. They do not exist for self-perpetuation as an end in itself.

If, in my brief remarks today, you get the impression that I am not terribly institutionally oriented, there is a reason for it -- I am substantially more oriented towards the needs of the students. But I am not critical of the institutions because I think they have done a good job of fulfilling their responsibilities over the years. Indeed, what a difference two years make. I remember a NEBHE meeting two years ago on Commonwealth Avenue, where you had your choice of going west to Boston University, which was smoking a little bit, or of going east to Boston Common, which they were trying to tear up. What a difference we have seen in the attitude of America towards institutions since then -- things bottomed out that summer. Right here in Greater Boston, the contributions of Boston University, Boston College, Northeastern, Tufts, Brandeis, M.I.T., Harvard, and others, to society have been so enormous that no sensible persons would attempt to ignore them. Nor would any sensible person attempt to ignore the extraordinary benefits to society from the public land-grant institutions. Let us agree, then, that postsecondary education is essential to the future welfare of our nation; that to make available this education, institutions are needed; that their goals are to serve the needs of society and the wants of the students; and, that our ends will best be served by a continued mix of public and private institutions.

Finally, let me make one last assumption: without substantial new revenues, this system could founder on both fronts, public and private. What I presume we are attempting to do at this conference, therefore, is to identify the sources of these new revenues, the nature of their distribution, and the conditions of that distribution -- and I presume there *will* be distributions. Watts Hill, from North Carolina, wrote recently that: There are those who have asked us to leave the money on the stump, walk away, and let them pick it up and spend it as they see fit. They should know better, he concludes. Of course there will be control -- there certainly will be control if public money flows in substantial amounts to private institutions. But the nature of the control or the gravity of the control is dependent upon how much of a vacuum exists.

In the State of Maine, for example, our University does not have a line-item budget. We have never attempted to legislate what tuition will be at the University. We have given the University semi-autonomy. In recent years, we stepped into the specifics of University operation a little bit more because there was, briefly, a vacuum -- the University was not moving in the direction that, we thought, public policy dictated. The coordination of the University prior to the creation of the University System was intolerable. For example, we had three institutions in the Portland area --

Southern Maine Vocational Technical Institute, Gorham State College, and the University of Maine at Portland -- and they did not speak to one another. There was a vacuum there that disturbed the public. Every year, about eight graduates of the two-year technical course would want to continue for four years, to go to Gorham, for example, to become teachers of vocational education. In all those years, prior to establishment of the University System, I do not know of one youngster who got even one credit-hour of his work approved for transfer toward the baccalaureate degree. Shocking. Shameful. Impossible to understand. And, certainly impossible to justify. Well, these are some of the things that create the vacuums where control steps in. If ever I saw a group of men and women anxious to accommodate the changing needs of society, however, you, ladies and gentlemen, from higher education, represent that group. I think there is a real desire on your part to accommodate the needs of the student and the needs of society.

I say mean things about legislators not being well enough qualified and well enough staffed to dig into the areas that need digging into, but then I take a look at the U.S. Congress. (I am not what you might call a Congressional booster.) I see NDEA programs still in existence, and I ask myself, what terribly important public purpose is this outlay of money going to solve. I see the Impacted Area Program (which is of tremendous benefit to some communities around the nation -- particularly those in the Washington area), and I ask myself, if we are going to distribute that amount of money, is there any possible reason to be spending it in this way. And I particularly look at the Green Bill, and -- after I get over the first flush of enthusiasm that Congress is apparently going to do *something* -- I ask myself whether, related to the needs of my state, this is the best investment of tax dollars. The answer is no, not at all. Of course, I tell myself that we have to have give and take, that the Congress is made up of many different interest groups and that it has to pacify all of those interest groups. But the Green Bill is heavily oriented towards institutional aid, and any real attempt to tie federal programs in with the growth of local student assistance programs escapes me in its effective-

Bennett D. Katz

ness. And if there is any real attempt to do in higher education what the California case said we must do in primary and secondary education, to equalize opportunities across the United States through federal legislation, then here again the legislation falls short.

But you know, I have come to the conclusion that, as the previous speaker inferred, sometimes we delude ourselves and we jump too quickly at the government. The President one day talks about the greatest accomplishment of mankind, but six months later he does not mention it. I think this is a national trait. I think the American public kids itself shamefully. You know the expression: "It can only happen in America." When you stop to think about it, what utter nonsense that phrase is: A poor kid grows up and becomes a millionaire...it could only happen in America. Yet we believe it. And, "My country, right or wrong," has over the years, more or less, led to a defense of the establishment and a stifling of criticism. And there is another saw that disturbs me: equal opportunity. We have never had equal opportunity in higher education -- and I do not think we necessarily have the courage to move towards it right now.

Education in the United States has been essentially for the upper- and middle-class. Take a look at our record -- look at the low-income families or the low-academic, non-traditional performers and see what kind of a job we have done for them. We have done nothing at all. Let me tell you -- straight from the politician's mouth -- that it is a good feeling when you stand up and say:"I believe we should have equal opportunity for higher education for all our young people." It sounds great and it feels good, but do we have the stamina and the guts to pursue it? I do not know. Do we have enough money to do it? I really do not know. But conferences like this at least let you focus on a couple of things that we should perhaps be doing.

Let me mention then one thing that I would like to see New England do, because this is New England and it is a small and a rather easily understood area. I am at a loss to try and understand why New England cannot move where the Congress has not yet moved -- to establish a New England-wide student assistance program. It really does not make any difference to me whether a youngster from my town attends a college in New Hampshire, in Vermont, or in Massachusetts or whether he attends the University of Maine. I would be willing to support him no matter where he goes. And it should make very little difference whether or not a student from Vermont attends the University of Vermont or comes to the State of Maine. Given enough motivation, there is a potential, without looking or begging in Congress, to establish an exciting program of student assistance for New England kids ourselves and hope that, with the attraction

of national attention, federal monies will start to flow to help underwrite some of the cost.

We are so provincial -- and legislators are pretty provincial too, maybe reflecting the provincialism of our people -- that our student assistance programs in the United States seem to be focused, more often than not, into assistance for, for example, a Maine kid attending a Maine school. Somehow we have a feeling that this is justified because a Maine school is an asset to the community, and if he attends a Maine college, maybe somewhere along the line he will stay in Maine. This is a justification, but when you take a look at the migration of people, you see that we export a substantial number of young people, as do most states, and that we import most of our professionals. The flow of people around theUnited States is accepted. I think that the provincialism which makes us focus our programs of assistance in Maine, at this point, to Maine institutions is shortsighted.

What is the future of the New England Board of Higher Education? Where are you going to go with it? Like any organization, it is in a state of flux. The needs are enormous, and yet there are a lot of fingers in the pie. My secret dream is that NEBHE can be the focal point for the establishment of a New England Regional Student Assistance Program for the benefit of all of New England's young people and to enable equal opportunity to get a firmer footing, at least in this part of the country.

Thank you.

PANEL: THE CONDITIONS ASSOCIATED WITH PUBLIC FINANCING OF HIGHER EDUCATION

Millard E. Gladfelter
Chancellor
Temple University

Mr. Chairman, ladies and gentlemen: It is my purpose to describe for this assembly a case study of what has been legislated in Pennsylvania to enable several private universities to address themselves more particularly to the needs of the Commonwealth. Since these sessions are focused on cooperation between public and private institutions and cooperative endeavor by several states, the act of creating and the consequences of being named a State Related University are cogent.

First, may I say that I am tremendously impressed by this program. When the first copy came to me, I read from it a fresh and promising approach to cooperative endeavor for the preservation of strength and the extension of service to the people of New England. Throughout the United States educational institutions are striving, and hopefully always will, to maintain the pluralistic system. Financial pressures in many states are now making it clear that this is a common strife for public and private colleges and universities. A brief summary of what happened in Pennsylvania must include a description of the

- extent and nature of higher educational institutions in the Commonwealth,
- extent of opportunity in populous areas,
- pattern for legislative support to existing institutions, and
- nature of a state-related university.

Pennsylvania is well-populated with institutions of higher education. The total of 204 includes one university and 13 colleges which are State-owned; 3 universities which are State-related and where the bulk of the financial resources comes from the Commonwealth; 13 State-aided universities or colleges, still funded by the State but, being private, even less subject to administrative and academic control; and 14 community colleges offering two-year courses to students preparing for technical, business or government careers that do not require a full academic degree for entry or promotion. The balance is comprised of some 130 professional schools and private colleges and universities, 17 of which receive legislative grants. All of the above

are eligible for student loan and scholarship programs administered by the Pennsylvania Higher Education Assistance Agency. Since the trade balance of students is even, there would seem to be ample opportunity for a population of eleven million people.

Millard E. Gladfelter

The five counties of Southeastern Pennsylvania have the greatest density of population. They also have the greatest number of institutions. But in recent years many new circumstances brought strain upon old patterns of institutional purpose.

Pennsylvania's urban population is distributed among many cities of which Philadelphia and Pittsburgh are the largest. Philadelphia, like many other large cities, has gone through rapid change in the last quarter of a century, principally because of the mobility of the population. The new population within the city has brought pressures not only upon institutions but also upon government for accommodation to its needs. Most cities have had similar problems trying to relate themselves to the characteristics and dynamics of the new population. Even though Southeastern Pennsylvania has 51 degree-granting institutions, none had low tuitions comparable to public universities. The State Colleges are, for the most part, in semi-rural areas and the Pennsylvania State University is midway between Philadelphia and Pittsburgh. Since neither of these large cities had institutions which belonged to a state system in which tuitions would be at least reasonably modest and opportunities for education could be made available to low-income families, the pressures for scholarship funds, tuition remissions, and student employment understandably became intense.

In addition to this, we found a mixture of claims for institutional goals on the part of private, state-aided, and church-related institutions. Each sought to and would claim that it was administering to this problem in some fashion, but the limited impact of all efforts on a gigantic problem soon became very apparent. As a result, it was felt necessary by members of the General Assembly and two Governors to assess the Commonwealth's needs and make recommendations for the future. From these considerations came a master plan for higher education which has had two revisions and hopefully, will continue for a long time to be under study.

The attitudes of assemblymen and educators have been greatly influenced in these recent years by the impact of the land-grant

universities upon social and economic advance throughout the land. If the Morrill Act could contribute so significantly to the development of agriculture and the mechanic arts and to the enlightenment of people through correspondence courses, farm agents, and research and training programs, is this not the time for a counterpart for our urban centers.

In the past quarter-century, commuter education, specialized study, short term courses, and continuing education have become popular. But the land-grant institution, for the most part, is located away from the urban centers. Historically it was to minister to rural needs. We are now urban and hence our need for its counterpart in the cities. Its counterpart must adopt its methods. It must be expansive in its offerings, have tuition costs that make it accessible, and seek constantly to saturate its environment with the methods and tools for learning.

The Pennsylvania master plan called for two programs. One was for the development of community colleges, of which there are now 14 in Pennsylvania. By legislative act each gets one-third of its support from local taxes, one-third from the State, and one-third from tuitions. The second was a scholarship program which began in 1966 with a legislative grant of $3.5-million. This method of support for limited income students was well-received, and the 1971 appropriation of $50-million is second only to that made available by the State of New York. This past year 87,000 Pennsylvania college students are participating in the program with an average grant of $671 per year. The scholarship grant can be carried by the student wherever he wishes to go and is given only on the basis of need.

But these new programs, worthy and useful in every respect, could still not increase educational opportunity at all levels and at acceptable tuitions as rapidly as circumstances demanded. Temple University, located in the center of the Commonwealth's most populous area, has a charter provision and a historical practice which relate functionally to the urban problems of today as much as they did to the poor and oppressed in 1884. The founder, Russell H. Conwell, a New Englander who built a university on his lecture, "Acres of Diamonds", inserted a Charter injunction that the Corporation be formed for the purpose of offering education primarily for working men and women.

During all its history, the University had been what has come to be recognized now as an urban university. As a result, just a little less than a decade ago, the trustees agreed that, even though the University had been receiving legislative grants from the Commonwealth of Pennsylvania since 1911 -- for operational purposes only -- it could serve the Southeastern and Eastern parts of Pennsylvania only if it became part of a larger system and received sufficient aid from the Commonwealth to hold tuition low, and sought aggressively to fulfill the purposes of an urban university. Accordingly, on September 30, 1965, the general assembly approved the Temple University Commonwealth Act.

Pennsylvania has, at the present moment, 13 State-owned colleges and a university which receive about 50 percent of their annual operating support from the general assembly or, in 1969 and 1970, about $69-million. There are three State-related universities -- the University of Pittsburgh, the Pennsylvania State University, and Temple University. Last year these three received a total of $148-million or 42 percent of their operating budgets from the Commonwealth of Pennsylvania. In addition, there are 17 independent private institutions which receive legislative grants. This aid is historical in nature and is generally restricted for current operational use. TheUniversity of Pennsylvania and Drexel University receive the largest single grants. Several specialized schools and four non-university affiliated medical schools also receive support from Pennsylvania. Unlike any other state, Pennsylvania makes a specific appropriation to every medical school in the State. The eight medical colleges received a total of $21-million during 1969-70. The 14 community colleges received about $10-million or 33 percent of their support from the State. Altogether, in 1969-70 the State of Pennsylvania appropriated $249-million to 48 of its 119 degree-granting institutions, for current purposes only.

By the Act of September, 1965, Temple University was named as a State-related university of the Commonwealth System of Higher Education. This established a relationship to the State not too dissimilar from that of the Pennsylvania State University and that later to be assumed by the University of Pittsburgh. Several purposes supported this action by both the Legislature and the University, and several implicit charges were placed upon the University. First, the principle reason for Commonwealth support was for tuition reimbursement so that student charges could be held at a relatively low level thereby making attendance at the University more likely from low-income groups. The Act said, secondly, that there should be a tuition differential for out-of-state students. Initially, out-of-state tuition was required to be twice that charged Pennsylvania residents.

The internal audit by the Auditor General was to continue to assure public confidence that funds were used for the mandated purposes. Auditing is a traditional control exercised by the State of Pennsylvania over the use of any funds appropriated for public and private use. For those who fear government control on the acceptance of public money, it should be observed that this form of control should be welcomed and in Pennsylvania represents the extent of legislative inquiry.

The Act also specified that the State-related universities could participate in the State's capital program, through the General State Authority without a requirement for reimbursement. The capital program of Temple University was thereby greatly aided by State-relatedness. A downtown location makes land costs excessive, even if available. The condemnation power of the State makes acquisition fair and speedy and enables an institution with enrollments totaling 40,000 students to develop facilities commen-

surate to their needs. With this great multiplication of resources available for capital expansion through the GSA, the University, which had too little space for its manifold operations, was enabled to grow in accordance with its needs. From 1960 to this date, the amount of money made available to Temple University for capital purposes through the GSA totalled $225-million.

In order to keep liaison and interaction between the State and the University, the Act called for 12 Commonwealth representatives on the University's Board of Trustees. This left a majority of 24 to continue as privately appointed or self-perpetuating. Of the 12 Commonwealth trustees, four each are appointed by the Governor, the Speaker of the House, and the President of the Senate. The Commonwealth trustees have not only been as effective as the corporate trustees but also have assumed important committee assignments on the Board. Their attitudes and acts are indistinguishable from corporate trustees.

Finally, I should comment on what this has done for the State and for Temple University. By this plan the State of Pennsylvania has been able to extend its facilities for higher education in its most populous areas without the cost of new plants, new libraries, and other expenditures incident to establishing a university. It acquired the use of a plant, a history and tradition for higher education, and a fiscally solvent operation -- for the University was not in distress. It had balanced budgets for ten successive years. By this arrangement, the University was enabled to better perform those purposes for which it was founded and now, more than ever, seemed part of our national purpose -- to make higher education available to all who might profit thereby.

As a result, the Institution has had to become even more responsive to public needs than it had been before. In the budget this year, for example, $3,327,000 is set aside for programs that pertain to black students only. Of that, only $1.2-million is for scholarships and the remainder is for the recruitment of blacks, for supportive programs for those who are not yet admitted, for study programs in particular schools, and for University participation in affairs of its community.

A sampling of this year's freshman class indicated that of the black population -- which is now about 14 percent of the total, and which percentage has risen very sharply in the last decade as a result of our State-relatedness -- 30 percent come from families whose annual income is less than $5,000, whereas of the white population, only six percent come from families below that income level. Forty-six percent of the black population, and this would represent about 3,500-4,000 students, come from families whose income is less than $10,000 per year. This is the impact of accepting some responsibility for the total needs of the Commonwealth.

This week I picked up a copy of the Faculty Herald, a faculty house organ, which contained an interesting article by one of our professors. In closing, I would like to read to you three quotations from it, because I think it summarizes what comes about as

you look ahead. The title of the article is "Not If, But How" -- exactly how are universities likely to be affected by the mood of legislators and people now. Well, first he said, "We should not be surprised to see a move towards some sort of open admissions policy, either by accepting all high school graduates or all community college transfers". Second, "We are bound to see a more pluralistic standard for hiring and retaining faculty. As the University comes to recognize that its mission is more than teaching and research, we will have a need for experts in social service delivery systems, experts in specialized training programs, and faculty especially skilled in reaching the so-called disadvantaged student." The third is particularly interesting because it relates to what is being said. "The State legislatures will insist on greater faculty accountability. The money situation is not likely to improve and government will insist that the University pay more attention to productivity and economic efficiency. Thus there are likely to be attacks on the tenure system -- this time, not from the perspective of political orthodoxy, but from the perspective of financial feasibility. Faculty members will be called upon to handle greater student loads, and some programs may be curtailed or even phased out." We are beginning to feel this understanding -- and for a few, misunderstanding -- on the part of many with whom we must work, if livelihood is to be retained.

PANEL: THE CONDITIONS ASSOCIATED WITH PUBLIC FINANCING OF HIGHER EDUCATION

Question and Answer Period

A brief question and answer period followed the panelists' formal remarks. For example, Senator Katz was asked if he had, "a rough idea of how he would like to see this suggested [New England] student assistance program set up, in terms of finance?"

Katz: I think the greatest source of student assistance must be a reallocation of present resources--and that means higher tuition to students who can afford to pay higher tuition--supplemented by increased appropriations. The question in my mind is: Are we really ready to make the commitment, to raise tuitions to those who can afford it? I do not know the answer.

Huitt: I would like to point out...that on the question of how much people are able to pay, we are moving into an era in which kids who can vote, kids who can get driver's licenses, and so forth, are going to be judged, in my opinion, adults--emancipated. And I think the time is just around the corner when the Supreme Court, or some other level of court, is going to outlaw out-of-state tuition. So, the question of how we are going to get money from people, in regard to tuition, is one of the most agonizing questions we are going to have to face in the next 4-5 years.

Dr. Huitt was next asked to comment on the possible inconsistencies in his remarks with regard to the proposed National Foundation for Higher Education. "On the one hand, you seemed to fear the centralization which put national guidelines for student financial assistance in USOE, and approved the decentralization of this function to the institutional financial aid officer. But then, you kind of took a dig at the Administration (which I am not terribly sympathetic with) for putting the Foundation outside of USOE. I would think you would welcome that fact since the Foundation is supposed to be an agency somewhat buffered from direct governmental control. It seems to me, the crucial question is the nature of the composition of the persons making up the Foundation--whether they are chosen from above to represent merely a given Administration point of view, or whether, in fact, they come up from the institutions themselves and can be put in a role where they encourage innovation while being very sensative to academic values in the field."

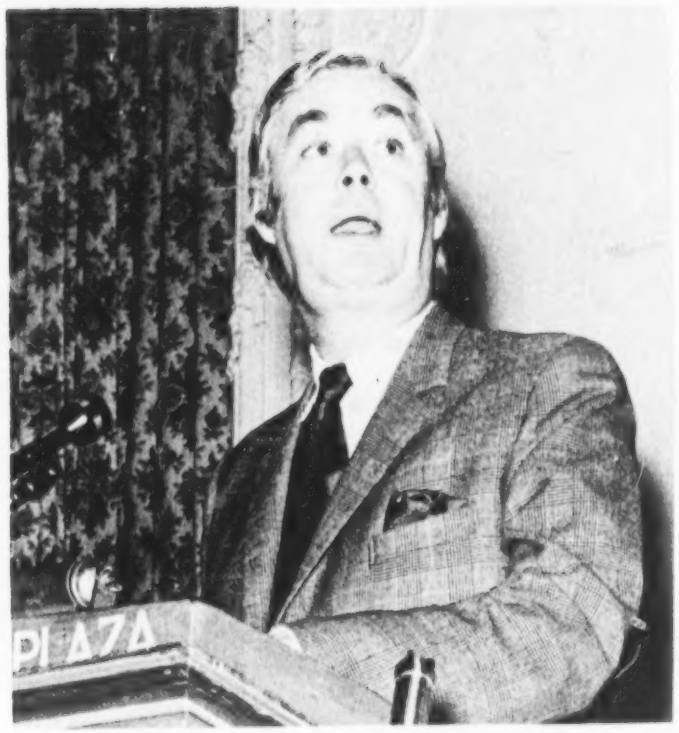
Huitt: First, there is nothing about the Foundation being in the Office of Education, or being in HEW, that constitutes a threat. My remarks were that the people who are setting up the Foundation are talking about the way it is going to be administered

as if the federal government's job was to reform higher education. I take it that *wherever* the Foundation is located, the federal government will control it. It does, however, have to be someplace.

Actually, the first proposal was to make it an independent agency like the National Science Foundation. Now the proposal is to put it in HEW. The real question as to its location is: What is going to happen to the Office of Education? There are those--for example, Senator Pell--who believe that it ought to be greatly strengthened--he talks about creating something called a Division of Education. There are others, such as Mrs. Green, who believe that the Office of Education should be made into a Department, with a cabinet level officer over it, so that it would be reinvigorated and there would be brought into it some programs that are now outside. I cannot think of anything harder than that, because if there is something which causes blood-shed, it is trying to take an activity from one agency and put it in another--and there are about 50 agencies in Washington that have some part of the education action.

If the Foundation is created--and I would say, categorically, there is a need for some kind of additional money aimed at reform--we certainly will then try to see that the right kind of people are on the board, and that it starts off with total support from the higher education community and with as much decentralization of ideas as is possible. As I say, the diminishing of enthusiasm has come largely from the way the people who talk about it say *they* are going to do it.

Like the Senator, I support pluralism. We are all part of the same system. I think we are all moving closer together, becoming more alike, and I think this is unfortunate. I like to preserve these distinctions as much as possible, and that is why it seems to me that if the Foundation is created--and if it is not created this year, it probably will be next year or the year after--it is important to get it off on the right footing. It is extremely hard to change these things once they are established.



HIGHER EDUCATION -- THE WORST LOBBY IN WASHINGTON

Daniel P. Moynihan
Professor of Education and Urban Politics
Harvard University, Center for Educational Policy Research

Dr. Dennis, ladies and gentlemen. I have been asked to speak to you on the subject of how it is, or perhaps why it is, that higher education has such a poor lobby in Washington. I am reminded of the occasion when Oscar Wilde was taken to view Niagara Falls. He gazed for a moment, turned, and said, "You know, it would be more impressive if it flowed the other way." You could surely tell me more on this subject than I can tell you.

I hope you will take this in the spirit that it is offered, for I speak now not as one of them but as one of us. I feel that our interests are involved here -- we are not what we hope we are unless we are capable of looking at ourselves with the kind of dispassion that we choose to look at others.

Ralph Huitt, in speaking to you this morning, discussed briefly the National Foundation for Higher Education. I would like to confine my remarks to this subject and have you decide whether you agree or disagree with what I have to say.

I did not hear Dr. Huitt's remarks, but as I understand it, he said what a number of higher education representatives in Washington have been saying: that the Foundation as it is now proposed, as the Administration speaks of it, and as, perhaps, it is incorporated in the Senate higher education bill, looks less attractive than when it was first proposed by the President. He said that the staff in the Office of Education have begun to define the direction it will take in rigid ways, making it less a self-directed representative of the universities and colleges in this country and more simply another extension of federal policy. I think that what Dr. Huitt said is right. My question is: Why has it reached a point where he would be saying such a thing? How did this come about?

I would like to speak to this point regarding the Foundation because it seems to me to be simply a case of incompetence -- almost to the point of dereliction of duty -- on the part of the people in Washington who are well paid to look after our interests -- and I mean that bluntly. The issue is really a very simple one. It arose in response to two situations. First, since 1940, there has been, as we all know, tremendous growth in American education. Second, this growth had a particular component to it which was unique in the history of education and unique at any level of American experience. The federal government began to assume a very large role in the financing of higher education activities, to the point where roughly one-quarter of the costs for higher education now come from the federal budget. Now the nature of this development was not at all unusual: it did not respond to any policy that this should be the case, but rather it was the result of a series of often unrelated events that just brought it about.

The basic fact is that the federal government, while pursuing political objectives (in the legitimate sense of the word political), found itself hiring the colleges and universities in this country to do the things it needed done, and then paying them accordingly. This occurred from the simplest level of having weapons developed, to the somewhat more removed level of assuring that the supply of scientists and engineers in the pipeline was adequate and, in an earlier period, of simply saying that veterans, returning from the war to a situation where a high employment rate was expected, would have something else to do besides looking for a job -- namely, going to college. All of these were specific responses to the political needs of the national government -- perfectly legitimate political needs, but needs, nonetheless, of the government, not of the universities or the colleges. Inevitably, an imbalance arose. Inevitably, there were differences in access to this kind of money: Who do you know? What kind of faculty do you have? It increasingly became clear that this accumulation of *ad hoc* decisions did not constitute a federal policy and was not, in any event, particularly good for the universities.

The problem was such that in 1967 the Carnegie Corporation set up a Commission on Higher Education, headed by Clark Kerr. In December, 1968, two months before President Nixon took office, the Carnegie Commission came out with a proposal which was to be one of the centerpieces in its program -- that there be established a National Foundation to give new directions in curricula, to strengthen areas that have fallen behind or have never been adequately developed, and to develop programs for the improvement of educational processes and techniques. The implicit models of this new idea were the National Science Foundation on the one hand and the British University Grants Committee on the other. The basic point was self-direction by the higher education community, in the same sense that NSF is directed by scientists. This peer group direction is familiar to us in universities and colleges -- it is

the way we keep ourselves honest and the way we govern ourselves, and I think we do it pretty well. The proposal was also to start putting more and more money into higher education through this Foundation device, not through categorical programs.

This came about at a time when universities were in a period of singular difficulty -- all over the country, they were under attack from within. Universities had in the past been attacked from without, but by and large this has usually redounded to their advantage -- it certainly redounded to their self-esteem. Morton Grodzins remarked during the McCarthy era that a number of his friends suffered from subpoena envy -- what wonderful people we are, beleaguered by uncomprehending Senators; what a virtuous community we are, indeed. Suddenly, as the 1960's progressed, an attack on the universities occurred that was internal, and it was deadly. There was nobody of any sensitivity who was not concerned for the future of free discussion in most of the institutions of higher education in this country during the late 1960's. Simultaneously, in places like the U.S. Congress, the universities which had been objects of great favor in support through most of the post-war period became objects of great disgust, if not disdain. To a degree that obviously did not communicate itself to the universities themselves, the Congress began to see universities as the places where trouble came from in America -- and not where money should go to. The more money, the more trouble, if you want to put it that way.

In 1969, a President came in who probably got the votes of maybe 5 percent of the social science faculties in the country. As Seymour Martin Lipset, doing work for the Carnegie Commission, has shown us, the President would have gotten about 60 percent of the votes of the agronomists, but there are not that many agronomists. The economists and the social and political sciences were, however, all very obviously hostile to this new President. The new President was not particularly hostile to them, he just was not especially enamored of them; but, he was operating in a traditional political fashion which is that you do things for your enemies in politics, not for your friends. (Do people know that? I think they do not. In any event, that is more often the case than otherwise.) During 1969, the President of the United States was also, for the first time, very much involved in the question of university governance, and tried to establish the principle that the federal government would not get involved with managing this campus or that campus, judging who was worthy or unworthy. It was a specific, conscious decision by the President that we would not get involved, and during 1969 a great deal of effort was expended simply to prevent the Congress from attaching punitive riders to the appropriation bills going through. No riders were passed.

Then, there came the time for the administration to develop a policy of higher education of its own. The previous administration certainly had done so, and done very well. What would President Nixon do? Well, there are two things that impressed themselves on the Administration -- and they pressed themselves

at a level, I think, of reasonable comprehension. First, there was a serious problem concerning the quality of higher education in America. We were expanding quantity in enormous degrees, but the degree to which the very high levels of achievement would be maintained was a problem. This was mostly because of a combination of internal disorder and the cumulating financial pressures which were obvious just about everywhere. The second was, if at all possible, to depoliticize the relationship between the government and the universities (Again, I use the word political as a political scientist would use it -- not in terms of good or bad, but simply that there was a relationship. We want this done and we will provide the essentials for you to do it. In so far as you are doing what we want, this is a client relationship.) so that Congress is not always thinking, how can we punish or reward, the President is not always getting mad at or glad about the professors. We also needed to try to remove the dependency that almost always follows from such support. When you are getting one-quarter of your income from one source, you begin to become dependent upon that source. The question was: How do you break it up?

It seemed that the easiest and one of the most important things to do was to adopt this proposal for a National Foundation which, by all evidence, had come from the higher education community itself. In March, 1970, the President sent to the Congress a message on higher education -- and it was a good, a careful message. That statement was meant to be as responsive as possible to what higher education had asked for -- in particular, it proposed a National Foundation for Higher Education. The President said that for the last 25 years, the federal government had been hiring universities and colleges to do the work it had wanted done, and that this had inevitably led to an imbalance in higher education. The federal government had a responsibility, therefore, to help restore a balance of sorts through a Foundation to emphasize excellence, innovation, and reform, but basically to be a self-directing source of funds. The Foundation was to start with $200-million which was then to rise by the end of the decade to $1-billion. That is a lot of money -- and it was supposed to be disbursed in a manner that would be as reassuring as, for example, that of the National Science Foundation.

Now, what happened? Dr. Finn, who is one of your associates here, has written about this. It is like that Sherlock Holmes story about the dog that did not bark. What happened? Nothing happened. Or as near as possible to nothing. Finn says that the President's proposal was greeted by public hostility followed by apathy. The proposal had many other features, including one that there be a shifting of aid to the more needy students away from the more well-to-do, and things like that. The afternoon of the President's message, the American Council on Education held a press conference denouncing the message while reserving some faint praise for the Foundation. Two months later, the Carnegie Commission restated its proposals to date, including the proposal for a National Foundation, but never mentioning that the President

of the United States had proposed such a Foundation. It was irresponsible of higher education to be so disdainful of Richard Nixon that they would not take his money -- we cannot afford it. Our representatives do not get paid to do that, they get paid to respond to the interests of our institutions. One of the things to realize is that a President, such as Nixon, will automatically make a larger effort to win the approval of disapproving audiences, such as higher education, than will the type of person who would normally assume that this is a supporting constituency rather than an opposing one. To quote Finn again about the National Foundation, "No interest group materialized and none was created." This is just bad organization.

Can you imagine a soy bean association having the President of the United States deliver a message saying"I have a plan to give you $200-million a year scot-free, no strings attached,"and that soy bean association saying, No? They would not. They would be in there the next morning saying, "That's a very fine message you just sent, Mr. President. We are all with you. Give us that money and we'll take it." It was, after all, what we had asked for, but there was simply nobody responding.

I spent two years in the White House as a Professor on leave from Harvard University, as a member of the Cabinet, as a counselor to the President dealing with higher education. Yet never once did a lobbyist for higher education come in to see me. I knew a man who was one of the head lobbyists, because I used to review his books on federal aid to higher education. I knew where he was, but as far as I could tell, he did not know where I was. You must live in that hot-bed, the White House, to know the pressure. You do not know how many interest groups there are until you work in a place like that -- then you find out. They are after you, after you, after you. But higher education just would not do it.

I once arranged for the President to sit down with the heads of about ten of the larger universities in the country, representing the AAU. They came in and sat down, and we thought we were going to talk to them about where the next billions of dollars were coming from, whither higher education, and when are we going to get a policy here. No, they came in and expressed their grave alarm that a $5.3-million categorical program in area language studies was not being fully funded. That is how we spent an hour. The President was baffled.

The main thing you should know is that there is no institutional arrangement within the government -- no organization in the government -- that concerns itself with higher education. Higher education is a subdivision of the Office of Education which was set up a century ago to collect statistics about elementary and secondary schools -- higher education comes under that. As federal aid to elementary and secondary education has come into being, the Office of Education has acquired some status and has acquired a set of effective lobbies. I worked on the

Elementary and Secondary Education Act of 1965. There was no lobby at all at that time for this purpose because, of course, there was no federal aid for this purpose. I left Washington in 1965 and returned four years later; in those four years, the elementary and secondary people had created one of the most powerful lobbies in Washington. They just kept shoving money bills at the President and daring him to veto them. It was an effectively formed, competent lobby, because what that lobby wanted was more money for their constituency -- and it got it. Compared with which there is *no* lobby for higher education. The federal government pays 7 percent, if that, of the cost of elementary and secondary education, and one-quarter that of higher education. In four years, the school teachers, in effect, have created a powerful, effective, and competent lobby -- a legitimate lobby, with perfectly legitimate things to do -- something higher education has not done.

In the course of the year following the President's message, the Office of Education absorbed the idea of a National Foundation for higher Education. Gradually, with each passing month, it became less and less what the President had initially proposed. He wanted an independent organization with an independent board. Little by little, it was not to be independent -- it would be under the Commissioner of Education and it would have an advisory board. Little by little, the sort of standard curriculum ideas that high school principals dearly delight in formulating began to be associated with the Foundation. It became a less and less attractive idea, to the point where it certainly would be nothing like that which the Carnegie Commission or the President of the United States had proposed. It was increasingly looked upon as another dreary way of getting money out of a dreary institution, namely the Office of Education.

As that happened, as Dr. Huitt described, the responses became indeed more pronounced. People said: We do not like this thing. In March, 1971, the higher education groups got together and testified to a subcommittee of the Senate that they did not like this new Foundation, the way it was now being defined, but that they did like the Foundation that the President had proposed in the first place. But when the President had proposed it in the first place, they had said nothing, they had done nothing, they had not supported it. It was an elementary thing to keep this on the track, there was no difficulty. You had the President for it and men like Senator Pell well disposed. You had a good definition, good models, good legislation, and a clear message. But we had let it slip away, as we seem to do, to fall under the general miasma of the Office of Education. Then, when it was too late, we came in and said, "Well, we've been for this all along." And the response is, "No you haven't been for it."

The higher education lobby in Washington acted in a thoroughly dysfunctional way. A serious effort was made by the Administration to respond to the higher education community's own definition of

what it wanted. The response was in good faith, and, by the prescription of what was wanted, was a good idea. When it came, however, there was no capacity at any organized level -- no individual spokesmen, no organization -- to respond saying, "Yes, this is what we want," and proceed to get it. There is a price we pay for that.

Thank you very much.

SUMMARY REMARKS

Lawrence E. Dennis
Provost
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This summary has been prepared to conclude the conference and will highlight many of the points touched upon by one speaker or another during the time we have been together. In addition, I hope to introduce a number of things which were not mentioned, but which I believe are worthy of inclusion.

We have talked about the following items:

(1) A voucher system for financing higher education, without actually defining what the system would do and how it would work.

(2) The problem of ascertaining that public funds already earmarked for disadvantaged students are actually used for the purposes for which they were appropriated. And how to be sure of an institution's continued concern for the education and social welfare of such students once they are admitted.

(3) Capital outlay appropriations to public institutions. Those from the private sector discussed this with some discouragement and concern -- and, in President Silber's case, with some mathematical legerdemain. Some thought these discussions might prove that money used in public sector capital outlay -- in New England, the last frontier in public higher education -- might be more wisely invested in private sector operating budgets, without really coming to grips with what bond issues are really all about.

(4) The myth that new forms of education -- cable television and so forth -- will somehow save dollars. Regrettably, some of our political associates have been led to believe that this could be so, not recognizing that these new forms are designed essentially for a different audience in a different era -- an era in which we are living, but an era which we have not yet shown our willingness to face.

(5) Loans versus grants, and what I regard as the alarming shift of responsibility for higher education from society to the individual.

(6) Whether or not the 18 year olds -- now that they have been enfranchised by our society -- are really wise enough to make decisions about their own education. Which makes me wonder, once again, how much masochistic punishment we in higher education are willing to inflict upon ourselves before we really listen to what our high school and college students have been telling us about the educational establishment.

(7) The icon of diversity in higher education, which may mean something to those of us on the inside, but ask a youngster who has been in an experimental program and now wants to enter an established institution about diversity, when all those institutions treat him alike.

(8) The arguments about liberal arts versus career education, which has been christened the "insane divorce" that preoccupies us in educational planning.

(9) The better utilization of facilities and the need to avoid institutional duplication.

(10) The problem of proprietary schools, as though we had never heard of the Marjorie Webster case and the truly fine programs operated by many of these institutions.

(11) Public accountability in higher education, the one thing (incidentally) about which there appears to have been some consensus.

(12) Autonomy -- institutional autonomy, that is, and how it must be preserved.

(13) Interdependence, and how it must be strengthened through consortia and other arrangements.

(14) State coordinating boards and the need for planning, without ever having discussed how to involve students, faculty members, and administrators constructively on an interinstitutional basis in long-range planning.

Now, some rather more detailed comments on what we did not talk about:

We opened our deliberations here on the same day The New York Times carried the statement issued by the presidents of six prestigious private institutions -- Cornell, New York University, Syracuse, Rochester, Fordham, and Columbia -- "Warning of the impending financial collapse of many private colleges" in New York State unless the state government there takes new action, soon, to ease that crisis. That news happened to be carried in the same issue announcing Governor Rockefeller's intention to recommend a wide range of new taxes designed to deal with a crisis of somewhat different magnitude -- the prospect that New York State faces a deficit of $1.5-billion in the next fifteen months. Governor Rockefeller has invited Congressman Wilbur Mills of Arkansas, Chairman of the House Ways and Means Committee, to Albany to discuss Federal revenue-sharing, just as we, at this most timely NEBHE conference, invited Senator Pell to give us his prescription for the financing of higher education.

The plight of New York's Governor -- surely one of the most higher education minded of all of our chief executives -- should remind us of a salient fact that seems to have eluded us here in our discussions, although one or two of our distinguished principal speakers have touched on it in passing -- namely, that the crisis in financing higher education is but a part of a much larger national crisis in fiscal policies and priorities that the country now faces. A crisis that has been building since the mid-1960's.

Higher education leaders in Washington and in the states watched that crisis build -- but not many of them ever said or did much about it, and a half-decade of precious time has gone by. When higher taxes were needed to finance our international and defense commitments, along with the most monumental social legislation passed by Congress in 30 years (including, I should add, education acts of truly historic significance), did we mass our forces to back tax reform? We did not! We were left to complain that Congress had either not funded, or funded inadequately, the legislation designed to benefit higher education; and we felt cheated and licked our wounds, blaming our riches-to-rags fall from grace on Vietnam -- as though once that tragedy had left center stage, we would somehow be free of international commitments and once again at the head of the line awaiting our rightful due from the Feds.

But wait! As Dr. Glenny reminded us, priorities have changed and are changing. Welfare reform, environmental protection, and urban decay -- to name but three issues -- have moved front and center on the domestic stage, and we may not be at the head of the line anymore, after all. Yet when a conservative national administration proposed the most sweeping welfare reform legislation in history, were the higher education leaders there to back it up? No, we evidently thought it was somebody else's business -- as we evidently do the enormous welfare problems that our governors are encountering -- so the bills have now been shelved for a long time. And when the Nixon administration, and now Congressman Mills, drafted the first legislative approach to federal revenue-sharing -- a progressive concept that would, if enacted, surely have a constructive effect on higher education -- where were we with our ringing endorsements? On the sidelines, as usual, worrying about "our own" federal higher education bill (with a united approach; at least, according to Mr. McNeil); but, even so, we have apparently emerged backing the wrong horse -- the Green Bill, which tends to favor institutions, rather than the Pell-Nixon Bill, which puts most of its chips on the students.

Now we are told by Dr. Glenry and others, in a forecast with which I (incidentally) disagree emphatically, that, in addition to our other troubles, enrollments are going to taper off and that by 1980 not as many young Americans will be going on to post-secondary education as has been true in the past. This general pessimism about enrollment growth seems to be shared by a good many people at this conference, judging by the discussion groups. It ignores, it seems to me -- although Dr. Glenny's paper was very persuasive -- several important factors.

First, the American people are going to continue to send their sons and daughters to postsecondary education in increasing numbers, just as they themselves as youngsters went on to secondary school in increasing numbers between the two World Wars. We are, in my judgment, heading toward universal higher education, at least through the 14th year, based increasingly on open admissions policies; it is simply a fact of our national life. If you do not believe me, ask the workman next door, the woman working in your favorite suburban shopping center, or the disadvantaged American in the urban ghettos and Appalacia and Northern Maine and Central Arizona, if they would not like to have their children get more education. Or perhaps there is someone here now, in this room -- an educator or a political leader -- who would like to tell one or two or three or three thousand or more of those people that either the college door is going to be closed to their kids, because they are not "qualified", or that somehow the price is going to be too high. Let us stop arguing about who should go to college; everyone who wants to go is going to have a chance to go. The American people would not have it any other way. We sold them the credential society. They are not about to be unsold. We have made it a political and economic fact of life.

Second, with reference to enrollment predictions, we are forgetting that while more *young* Americans are going to go to college, more *older* Americans are also going to go. Much too little attention has been paid here to the impact that the continuing education of adults is going to have in this decade on both the financing of higher education and on its form and structure. Senator Pell remarked that Clark Kerr called the Pell Bill the greatest piece of higher educational legislation since the Morrill Act. I would question that, and would side, rather, with James Reston of The New York Times who has nominated for that honor the Public Broadcasting Act of 1967. Which is a tangential way of saying that we have talked a lot here about financing higher education as we have known it in the past, and as we know it now -- as we knew it in those halcyon days before students began reminding us that our values were distorted and our catalogs hypocritical.

This brings me to the third factor on enrollments. We have *not* talked about the formulation of public policy for financing a changed structure for higher education on a statewide (or regional) basis; or (with the exception of Mr. Berrian) about financing changed *programs* of higher education.

We have *not* talked enough about the impacts the new kinds of colleges (by whatever names) and the new free-elective curricula are going to have on higher educational finance, whether public or private. We are in a post-industrial society and we are still fighting a rear-guard action against educational technology. Students are increasingly mobile; yet most of our barriers to entrance or to transfer still stand. For years, our friends in the legislatures have been calling for year-round education; yet few have dared that experiment. Some of us talk as though our institutions had a corner on something magic we call "quality"; yet the minute a new institution springs up with programs that are truly experimental or the instant an existing institution turns the corner and really begins to be innovative, they get clobbered by the threat of non-accreditation. Six state universities in this region continue to sanction the operation of six colleges of agriculture (or natural resources) in a region that long since should have consolidated them all into a New England Regional Agricultural Center. And so on, both in the private and the public sectors: Give us the money (or more money) we say to our political friends, and let us alone -- with our autonomy and diversity.

Ladies and gentlemen, it just will not wash! If we want the states and the federal government to respond to our needs more quickly and generously than before, we in higher education are going to have to take the lead -- while the time is still left, as Dr. McNeil has cautioned us -- in recommending *new* public policies based on *new* forms and *new* arrangements and *new* programs that we ourselves have planned and developed in cooperation with our faculty, students, and colleagues.

If private institutions want state funds, they must first demonstrate, as a *quid pro quo*, that the taxpayers of the states in which they are located will be the benefactors -- the individuals, not the institutions. And I commend to you Chancellor Gladfelter's remarks concerning what happened in the Commonwealth of Pennsylvania with Temple and the other state-related universities in this regard.

If faculty members at *state* institutions want higher salaries and better facilities, they are going to have to bite the bullet on tenure and on collective bargaining and on seniority and on tradition and on courses that should have long since been thrown out of the catalogue, to prove that they are able to throw off the myths of the past and face today's realities.

To this end, we have here, if I can bring the strands of our many formal and informal discussions together, the germ of a new idea -- one that has been mentioned in many different ways before, but one whose time at long last has come, at least for New England. Why could we not affect some of the regional arrangements, some of the consortia, some of the cooperative efforts which have been discussed here, under a new institution, an institution that I would call the University of New England, that could include both public and private components. Hopefully sponsored by our generous hosts, the New England Board of Higher Education -- an agency whose mission has never been fulfilled -- the University of New England could administer the regional financial aid programs that have been discussed here. It could conduct space utilization studies, the kinds of studies that all of us here agree are needed. It could monitor graduate programs in such a way as to avoid needless and senseless duplication among the states, and could help structure certain programs on a regional basis (agricultural and, perhaps, teacher education) to avoid such duplication. It could, perhaps, even help plan and run the "Open University" that we have heard so much about at this conference.

The University of New England would be a concrete expression by the New England higher education community of its willingness to change to meet the times and of the ability of its private and public segments to work together toward a common purpose.

Lastly, and very briefly, the matter of accountability. If there is a consensus at this conference, this seems to be it. The public institutions agree on something they conceive of as accountability and the private institutions agree there should be public accountability in the public financing of all of education. In summarizing what we mean by accountability, let me quote from a distinguished American educator and statesman:

> "If there is one thing true in higher education, it is that nothing is private; everything is public. All colleges must be accountable to the society that made their existence possible and to the youth it is privi-ledged to serve."

My friends, if those words were true when Woodrow Wilson spoke them in 1910, when as Governor-Elect of New Jersey he spoke to the Princeton Alumnae, they are equally true today. I commend them to you.

Thank you for your indulgence and your patience.